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# .S. House Passes Tax Reform Bill

David E. Rosenbaum New York Times Service

SHINGTON — The U.S. of Representatives, after of fierce lobbying and delidincal maneuvering, has ap-legislation that would make set extensive changes in the income tax system in more

Yough the measure differs in important respects from ent Ronald Reagan's pro-passage of the bill Tuesday by the Democratic-controlled was a significant victory for

made revision of the tax code thest legislative priority of his f the presidency on a personal al Monday to round up crucial from reluctant Republicans.

By Joseph Fitchett

battle of the titans" and so he

est computer-manufacturing 1 is no longer British. he new leader is International

ness Machines Corp.

JRIN -- Carlo de Benedetti

not surprised to hear the bulle-

rom the combat zone: Britain's

#### ON PAGE 3

Most Republicans who voted for tax revision felt they had won something. ■ Americans abroad could face a higher tax burden. ■ The 1987 budget would halt aid for farm research and abolish the ICC.

The crucial vote came on a mo-tion by Republican opponents to recommit the bill to the Ways and Means Committee, a parliamentary way of killing the legislation. The recommittal motion was de-leated, 256-171, with 207 Democrats and 49 Republicans voting to Democrats and 132 Republicans

Battle of the U.S. Titans' Hastens

urope's Technological Revolution

will be there, and we think that our

pact with AT&T means that we will also be one of the survivors."

Survival has become the watch-

word as IBM and AT&T prowi

Throughout Western Europe, IBM dwarfs the competition. The

combined sales of IBM's subsidiar-

ies or operating companies in every

profits of \$205 million last year -

Europe to find allies.

s its plant in Greenock, Scot- major European country were

Getting Down to Business

Europe's New Approaches to Competition

n the face of American and Japanese competition, is Western ope in an irreversible economic decline? Can it catch up technological company? Can Europe more

n a managerial to an entrepreneurial society?

using on these questions and some answers.

y? Are European economies too rigid to change? Can Europe move

his is the fourth in a series of articles, appearing from time to time,

about \$11 billion last year, nearly lo times higher than those of the largest-selling European computer maker, France's state-owned (and lavishly subsidized) Buil.

revenues of IBM-UK last year IBM's dominant position is re235 billion (about 33.4 billion). specied by Mr. de Benedetti, who
the revenues of ICL Britain's creaky typewriter manufacturer

the revenues of ICL Britain's creaky typewriter manufacturer.

was and global ambitions.

ply another skirmish between

heir struggle in which Europe a principal battleground, has

ind of takeovers in the electron-

sed off an unprecedented

ists and politicians to

industry and forced Enropean

upt to technological revolution a "ade earlier than they expected.

adards," says Jacques Darmon,

executive at Thomson, France's

Mr. de Benedetti was one of the

4 to act on this insight. As chair-

n of Olivetti, now Europe's lead-

supplier of office electronics, he ed with AT&T in 1983, selling it

5-percent interest in his compa-

Some Europeans were indignant see Olivetti ally itself with an

interican corporation in a strategic knology, but Mr. de Benedetti

- I needed the technology, I need-

at now, and I went where I had to

to get it," he says. In exchange, wetti provided AT&T with out-

5 and sales skills in the European

Twe as an opportunity for his

mpany to become more interna-

His reaction is doctrine at Oli-

ti, a tightly knit company based

the alpine town of Ivrea, just taide Turin in Italy's industrial-

The worldwide computer and

communications industry is go-

toward the emergence of two,

es or maybe four global alli-les," said Elserino Piol, Olivet-

.id north

The Instead of a capitulation.

pered off the objections.

zest electropics manufacturer.

These titans don't just set tech-

gor homegrown computer-mak- into an electronics company with

ply another skirmish between "I don't want to say that we can two American titans — IBM beat IBM," Mr. de Benedetti as-

American Telephone & Teleserted. "That would be suppid. Our
ph Co. — fighting for control of aim is to be seen in the marketplace

emerging global industry in as an alternative to IBM. I think we

The sweeping measure now goes to the Senate, where the procedures and politics are even less tidy than are were avoiding taxes. those in the House and where the outlook is uncertain.

The prevailing view is that the Senate will approve some form of tax legislation next year but that it may bear little resemblance to the House version. In any case, the ssional debate on taxes is likely to last all next year.

"Obviously we're very glad," said Treasury Secretary James A. Baker 3d. "We think the president's appeal was clearly effective, and we're delighted to see the degree of Republican support."
As he concluded the debate.

Representative Dan Rostenkowski the chairman of the Ways and

are already that in Europe today."
As a participant in "the battle of the titans," Olivetti is in increasing-

by good company.

Philips, the Dutch electronics
multinational, has begun a joint
venture with AT&T to make ad-

vanced public telephone equip-ment. And AT&T is building a big

semiconductor plant in Spain in partnership with Cia. Telefónica Nacional de España.

Even in France, where President

François Mitterrand publicly chided Olivetti and Philips for breaking

European ranks and joining AT&T, the U.S. corporation is ne-

CGE. The proposed joint venture would be guaranteed at least 15

percent of France's state-con-

trolled market in telecommunica-

So far, AT&T has resped little profit from its push into Europe:

of \$33 billion. It still trails not only IBM but also Digital Equipment

Corp. in computer sales in Europe.

But AT&T is planning to open a

European headquarters, a sure sign of the quachering tempo of its cam-

paign. IBM is also stepping up its offen-

Amone several new alliances in

Italy, its most important is a joint

venture to develop industrial auto-

(Continued on Page 7, Col. 3)

mation with Stet, the mother com-

pany for all the telecommi

only 1 percent of its 1984 reven

#### The bill was then approved by a Means Committee, which screened the bill, declared that many Ameri-cans left they were "being cheated" because people better off than they That's what this debate is all

about," the Illinois Democrat said. "It's putting fairness in the code." Most Republicans opposed the House bill on the ground that it would be disadvantageous to busi-

ness and would harm the economy.

Last week Republicans mounted a sneak attack against the procedural resolution, called "the rule," that had to be passed before the bill itself could be considered. In a surprise to the White House and the Democratic leadership, the rule was rejected, with only 14 Republicans voting for it and 164 against it.

As a result of an intensive cam-paign by the Reagan administra-tion and an unusual visit to Capitol Hill by the president, a new rule. with only cosmetic changes, was approved Tuesday by a vote of 258-Seventy Republicans voted for

the rule this time, and 110 voted

against it. As for Democrats, 188

supported the rule and 58 voted In the view of nearly all political analysts, the concept of tax revision would have been blocked for the rest of the Reagan presidency with-

out House approval of a bill this

If enacted in a form anywhere close to the House bill, the legislation would affect the tax liability of almost every household and busi-

ness in America. It would sharply lower tax rates, limit many deductions and other tax preferences, apply a stiff mini-mum tax to wealthy people and profitable corporations, remove millions of poor people from the income tax rolls and shift part of the tax burden from individuals to

gotiating an agreement with the state-owned Compagnic Générale d'Eléctricité, usually known as CGE The avecand compagnic CGE. corporations.

The bill follows the basic framework of the proposals that Mr. Reagan submitted to Congress last May, reducing tax rates, restricting tax preferences and raising neither more nor less revenue than the cur-

rent tax system

But it would be more favorable to lower- and middle-income taxpayers and less advantageous to the wealthy than the president's plan. Moreover, the House bill would cal income property and sales taxes; which the president wanted to end, and would let employer-paid fringe benefits, which the president

wanted to tax, remain tax-free. it would also make the top corporate tax rate 36 percent, compared with 46 percent now and 36 percent proposed by the president.

Over all, the bill would reduce the taxes paid by individuals by an average of 9 percent and would raise corporate taxes more than 20 To garner the final few Republican votes he needed, the president

pledged to veto any measure reaching his desk that did not meet several criteria: a top tax rate no higher than 35 percent, a \$2,000 personal exemption for all low- and niddle-income taxpayers and their dependents, tax incentives for industries that depend on heavy investment in equipment and machinery and a delay in the effective date of limits on business investment incentives until rate reduc-

None of those criteria are met in the House bill



Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, toasts the tax bill written by his panel and passed by the House. He is flanked by Representatives Marty Russo, left, and Fortney Stark Jr.

# Showmanship and SDI: Rift Divides Researchers

By William J. Broad New York Times Service NEW YORK — A deep rift has divided the leading scientists at work on President Ronald Rea-

gan's anti-missile defense plan. Some of them charge that the program is being seriously threatened by exaggerated assertions, misleading tests and costly public relations razzle-dazzle. Others deny

> Weapons in Space The Program, the Debate

Second of three articles

that those working on the huge research project have any interest in showmanship or hyperbole.

Critics outside the government have long said the anti-missile de-

fense program, popularly known as "star wars," is structured to promote the illusion of quick tech gains, no matter how great or small its accomplishments. But the new criticism is notable because it comes from scientists at the forefront of the president's program, who say their technical credibility is at stake.

In the future, these federal scientists say, showy tests may increasingly take precedence over cautious and technically sound science, especially as budget cuts force changes in the anti-missile defense program, which is formally known as the Strategic Defense Initiative. These scientists warn that the

real danger is false public confidence in anti-missile technology that might be wholly inadequate to the ambitious task of protecting the nation from enemy warheads.

In one case, dissident scientists

**Disney Picks France for Theme Park** 

have risked careers and jail sentences to publicize embarras top-secret details about widely touted programs, provoking both federal hunts for those who disclosed the information and congressional investigations of the

Tim very alarmed at the degree of hype, promises and a failure to focus on what this national program really is - a research program with lots of unanswered questions," said Dr. George H. Miller, head of defense programs at the Lawrence Livermore National Laboratory in Livermore, California. "I'm afraid the public is losing glat of how difficult that job is."

Dr. Roger L. Hagengruber, di-rector of system studies at the Sandia National Laboratory in Albuque, New Mexico, asked, "Will the science be negatively affected by the fact that there's so much essure for stunts and demonstra-

said. "The need for progress in a program of this size is irreducible." Defenders of the anti-missile plan, including its director, deny that the program contains any hint of showmanship. But other key officials say it has been structured

with an eye to public relations. "Salesmanship is clearly a factor." said Lientenant Colonel Michael Havey, formerly a senior analyst on anti-missile issues in the president's Office of Science and Technology Policy. "It has to be when you're dealing with people. But what's important is that we're

selling a quality product."

He added, "It's not been anything but honorable men trying to

(Continued on Page 4, Col. 1)

# Bonn Seeks Role In SDI for Firms, Rejects Funding By Government

By William Drozdiak

Washington Post Service BONN — West Germany decided Wednesday to open negotiations with the United States on the participation of West German companies in President Ronald Reagan's research program into space-based missile defenses.

The government spokesman. Friedhelm Ost, said that the West German cabinet had voted unanimously to send Feonomics Minister Martin Bangemann to Washington next month to seek conditions for the exchange of sci-entific research and technology be-

Chancellor Helmut Kohl's center-right coalition, while reiterating its political support for Mr. Reagan's Strategic Defense Initiative. also declared that it would not pursue any direct government role or provide any public funding for the

By stressing the business aspects and muting the security repercus-sions of SDI, Bonn clearly hoped to stifle a protracted feud between Mr. Kohl's Christian Democrats and their junior partner, the Free Democrats, over the wisdom of embracing the controversial project.

The West German decision quickly provoked angry criticism in Moscow. The Soviet news agency Tass charged that Bonn intended to use the "cosmic bridge" of SDI to bypass existing bons and lay the path for nuclear arming" of the West German Army.

The Bonn government believes that a draft agreement can be reached by the end of March "if both sides are reasonable." according to Horst Teltschik, Mr. Kohl's adviser on foreign and security af-

Earlier this month, Britain became the first country to sign an accord regulating the involvement of its companies in the program.

A so-called memorandum of understanding between London and British technology could play a role in SDI research, but it makes no binding commitments. Britain was forced to drop an earlier demand for \$1.5 billion in contract guaran-

Before Wednesday's decision

Mr. Kohl's government had hoped to examine the pact that London signed as a possible precedent. But Britain refused to disclose details of the pact, citing national security reasons. Diplomats said Prime Minister Margaret Thatcher turned down a personal appeal by Mr. Kohl for a copy of the document West German officials said that Bonn may follow London's format and sign a similar kind of memorandum. On the other hand, an exchange of letters may prove sufficient, particularly as West Germa-

ny wishes to emphasize business interests and avoid the security questions that would involve the government, the officials said. Mr. Kohl and other Christian Democrats have advocated a staunch political endorsement of the program to demonstrate allied

support for Mr. Reagan and to give him a stronger hand in the Geneva arms talks. But Foreign Minister Hans-Die-trich Genscher and other members of the Free Democrat Party have

expressed fears that a close role in SDI could damage Bonn's relations with Eastern Europe. Mr. Genscher is known to be

wary of tampering with the North Atlantic Treaty Organization policy of nuclear deterrence. ■ France Attacks SDI

Earlier, Michael Dobbs of The K ashington Post reported from Par-

France's Socialist government stepped up its criticism of SQ! Tuesday, predicting that it would

# **Filipinos Wondering:** "Clearly the answer is yes, espe-ally as the dollars go down." he Will Election Be Held?

By Seth Mydans

MANILA - With the party tickets selected and the candidates already beginning their campaigns. an overriding question remains un-resolved: Will the Philippine presi-dential election scheduled for February be held at all?

The Philippine Supreme Court finished two days of hearings Wednesday on 11 petitions asking it to declare the election unconstitutional and is expected to rule on them soon. It is generally accepted among

both his supporters and opponents that President Ferdinand E. Marcos controls the 13-member court. and the question, as it is being debated here, boils down to whether the president now wants to call off the vote. Contrary, perhaps, to Mr. Mar-

cos's expectations, the president's fractious opponents have united behind a single strong candidate. Corazon C. Aquino. In the first days of the campaign

Mr. Marcos has drawn strikingly smaller and less enthusiastic crowds than has Mrs. Aquino, who is the widow of his rival, Benigno S. Aquino Jr., a former senator.
The possibility that Mr. Marcos

The French proposal appeared could lose an election appears to initially to be a long shot because of have increased.

be events have been rushing ahead

"He may want a breathing ang Palace said Wednesday. "May-

Though many lawyers and politi-

dent of the Philippines.

"If the court does not believe that it is constitutional, declare it so, but we beg you, do not stop the election, because of the imperative necessity of survival," argued Emmanuel Pelaez, a former vice presi-

Corazon C. Aquino

Mr. Marcos has structured it is pa-

tently unconstitutional, arguments

before the court have emphasized a

take place anyway.

plea that the vote be allowed to

In his most recent comment on the subject, on Tuesday, Mr. Marcos said: "I'm still hoping the court (Continued on Page 5, Col. 1)

# tudy Suggests a Few Beers for Health

By Philip M. Boffey

WASHINGTON - Beer drinkers appear to be istantially healthier then either nondrinkers or wine I liquor drinkers, according to the largest study yet iducted of health differences among people who nk different kinds of alcoholic beverages. The survey of more than 17,000 Canadians found

it people who drank beer regularly and in moderate counts were healthier than people who drank other oholic beverages.

The apparent good health of beer drinkers was ociated more with the regularity of drinking than ith the amount of beer consumed. The more often ople drank beer, the greater the apparent health nefit. Those who drank beer one or more times a day d 25 percent less illness than expected.

The study, reported in the current issue of the imal Drug and Alcohol Dependence, was sponin the foundation is financed by both the Canadinoted.

an brewers and the United States Brewers Association but staffed by the medical school.

But, he said, "There is no evidence that moderate drinking would interfere with a person's health. In fact, our study suggests that drinking beer regularly and in moderate amounts may actually be

In the new study, extremely heavy beer drinkers, who drank 35 or more pints (16.5 liters) of beer a week, had I percent more illness than expected, but those who drank 15 to 34 pints had 23.5 percent less illness than expected, and those who drank 4 to 7 pints had 27.8 percent less illness than expected.

Beer contains more nutrients than other alcoholic med by the Brewers Association of Canada and by beverages, and it produces lower concentrations of Alcoholic Beverage Medical Research Foundation alcohol in the blood, and less functional impairment, as the Johns Hopkins School of Medicine in Balti- than higher strength alcoholic beverages, the study

the president of the American company, Michael D. Eisner. The theme park will be sited in Marne-la-Vallee, 12 miles (20 kilometers) east of the capital.

and Alicante. "This contract represents for the

region and for France the possibili-ty for considerable employment, parking lots, will be spread over PARIS - Walt Disney Productions signed Wednesday an agree-ment with the French government economic development tourism and also culture," Mr. Fabius said to set up a European entertainment park in a suburb east of Paris.

Prime Minister Laurent Fabius of France signed the accord with

France was competing for the contract with Spain, which was hoping to set up the park on the Costa Blanca, between Barcelona

at the signing ceremony at the Hotel Matignon in Paris, his working Talks on the site for a new Disney park had been under way for a lion.)

The creation of the park near Paris is expected to bring about

6,000 jobs over the five-year construction period, then 20,000 to 25,000 jobs when it opens in 1991. The park would be similar to Disneyworld in Florida and Disnd in California. It is to cover

Ten million visitors are expected annually after the center opens. Initial investment by all partners is to total between 10 billion and 15

billion francs (\$1.35 and \$2.02 bilthe favorable climate enjoyed by

Spain. But the attraction of Marnela-Vallée, a newly established business center, stemmed from Paris's central location on European tourneyland in California. It is to cover ist itineraries and its excellent Though many lawyers and politi-250 acres (100 hectares), but the transportation system. (AP, AFP) cians in Manila say the election as

■ Disunity among Yugoslav republics has paralyzed the na-

■ New techniques magnify the world beyond the ability of con-

Latin American debtor nations proposed steps to case the region's fiscal crisis. Page 15.

smaller parties. The Assam voting Monday ap-peared to be heavily polarized

along religious lines between Hin-dus and Moslems. Assam is one of a growing number of Indian states that have turned to a party organized around

the sectarian or religious interests pose a challenge for Mr. Gandhi, as ple, hundreds of thousands of of the local majority. The new he and state leaders try to put into Bangladeshi immigrants are foregroup is known as Assam Gana effect an accord of last August to ibly expelled. The newly elected Parishad, or Assam People's Front.

Earlier this year, the state of Punjab elected a party of Sikhs to bie for maintaining order. Regional parties run the popu-

lem, is likely to follow suit. While many political experts say the trend toward regional parties

threatens national unity by aggra-vating conflicts, others argue that it gives healthy expression to India's

tagonisms.

Thousands of people have been killed in a dispute in Assam over the role of Moslem immigrants from Bangladesh, formerly East Pakistan. The dispute has produced some of the worst violence in India since independence in 1947.

Assam agitation leaders had demanded that millions of the aliens be deported or disenfranchised. With the Assam accord, Mr. Gandhi bowed to their demands, agreeing to remove immigrants from voter rolls and expel those who arrived after 197].

Many people (ear violence if the secord is put into effect against the The Assam results are likely to immigrants' will, and if, for exam-

end local religious and ethnic an- anti-immigrant leaders have promised to try to do this.

The polarization of the electorate - an ominous trend, in the view of many - was evident in the early returns. Lower-caste Hindus. who normally vote for the Congress (I) Party, voted this time for the new anti-immigrant Assam People's Front. Almost all the immi-

grants are Moslem. The Congress (I) Party also lost the vote of Moslems, who voted for another new party, the United Minorities Front, which had vowed to

The United Minorities Front also got votes from Moslems who had lived in the state for a long



HANDS OFF - Workers begin the four-month process of removing scaffolding from the Statue of Liberty in New York Harbor. More work is to be done on the statue's interior before a July centennial celebration.

The study's director, Dr. Alex Richman, a professor at Dalhousie University in Halifax, Nova Scotia, cautioned that the results did not necessarily prove that beer promoted health.

advantageous."

#### INSIDE

■ The arrest of four suspected terrorists in Belgium came as a relief to the police. Page 2.

tion's leadership. MAIDS research in Africa shows the disease now poses a threat to newborns. Page 5.

ventional microscopes. Page 8. BUSINESS/FINANCE

Texaco wos a court order barring Pennzoil Co. from attaching Texaco assets. Page 19.

#### Assam Anti-Immigrant Group Defeats Gandhi Party By Steven R. Weisman New York Times Service

NEW DELHI - In a political setback for Prime Minister Raiiv Gandhi, the ruling Congress (I) Party was defeated in elections held in the troubled northeastern state of Assam, according to returns Wednesday.
A newly formed regional party.

organized by leaders of anti-immigrant agitation, was winning or leading in nearly half the state's districts. The party was expected to lead a coalition government with

form a government. Mr. Gandhi was said to be quietly pleased that the Sikh party would be responsi-

lous southern states of Andhra Pradesh and Tamil Nadu, and politicians say that the state of Jammu and Kashmir, which is mostly Mos-

diversity.

cancel the Assam accord.

# Bombing Arrests Eased Strain on Police in Belgium

By Steven J. Dryden International Herald Tribune

BRUSSELS - Belgian police, faced with mounting criticism over their failure to stop a 14-month bombing campaign, have had their first breakthrough with the arrests of four suspected leftist guerrillas.

The four were said to be members of the Fighting Communist Cells, the group that has claimed responsibility for the campaign. Two people have died in 27 attacks by the group on North Atlantic Treaty Organization targets, U.S. military contractors and Belgian business and government offices.

But not all the concern among Belgians about security has been prompted by the law enforcement authorities' failure to stop the Fighting Communist

In July, the government of Prime Minister Wilfried Martens almost collapsed following a parliamentary report that blamed the Interior Ministry for security lapses at the European Cup Soccer Final in Brussels in May. Thirty-nine people died at the game in clashes between English and Italian fans.

This fall, the public was startled by the reappearance of a gang of supermarket robbers who methodically shot down bystanders during holdups. The gang, which killed 17 people in attacks in September and November, has been linked to several other multiple slayings since 1982.

Police so far have made little apparent progress in finding the members of that gang, whose factics have led some criminologists to speculate that they are acts of politically motivated terrorism.

The incidents, along with the bomb attacks and a rise in other crime, have left many Belgians fearful that their country's reputation for tranquility is a thing of

"Belgium, which has the highest percentage of cops in the European Community, is today a kind of laboratory of failure in crime-stopping," a national

magazine commented recently.
It was in this context that Justice Minister Jean Gol emphasized Tuesday that the capture of Pierre Car-ette, a suspected leader of the Fighting Communist Cells, was "not the result of luck" but of good police

investigatory work.

Mr. Carette, 33, a former printer and the son of a security services agent, was arrested Monday afternoon in a fast-food restaurant in the southern city of Namur along with three other suspected members of

Bombay our foreign correspondent writes:

water has never figured prominently.
Most prefer Tonic in Bombay, Mar-

tini in Bombay or Orange in Bombay.

But, let me assure you, there

usually mix in Bombay.

is no need to stay clear

Those rumours

which infer that

water does not mix

with this most distinctive of Im-

ported London Dry

Gins are well and

truly ill-founded.

of the water.

Indeed, anything that one would

"Of all the things that people drink in Bombay,

In The Bigh Court of Justice (England)

Chancery Divison

IN THE MATTER of CENTAUR INTERNATIONAL INSURANCE COMPANY LIMITED

INTHE MATTER of

THE CONCORD REINSURANCE COMPANY LIMITED

INTHE MATTER of

MARBARCH INSURANCE COMPANY LIMITED

IN THE MATTER of

SHASTA REINSURANCE COMPANY LIMITED

IN THE MATTER of

THE COMPANIES ACT, 1985

and

In The Supreme Court of Bermuda

IN THE MATTER of

CENTAUR INTERNATIONAL INSURANCE COMPANY LIMITED

INTHE MATTER of

THE CONCORD REINSURANCE COMPANY LIMITED

IN THE MATTER of

MARBARCH INSURANCE COMPANY LIMITED

IN THE MATTER of

SHASTA REINSURANCE COMPANY LIMITED

IN THE MATTER of

THE COMPANIES ACT, 1981

immediately after the latter date.

Clifford-Turner,

London. EC4Y 6BY

Blackfriats House

19 New Bridge Street,

At Meetings of Scheme Creditors held in London on 4th December 1985, a Scheme of

Arrangement ("the Scheme") between the above named companies and their respective

Scheme Creditors was approved by the required statutory majorities as to number and value.

The Scheme is subject to the sanction of the Courts in England and Bermuda. The Scheme Companies will now petition those Courts for such sanction. It is hoped that the hearings will

take place on 20th January 1986 in England and on 31st January 1986 in Bermuda. If the

Scheme is sanctioned by both Courts, it is hoped that it will become operative on or

the group, which is known as the CCC after its French name. All four of the suspects are Belgian. The authorities said that they found Mr. Carette by

secretly following one of the suspects, Pascale Bandegeerde, after she was spotted by police earlier in the day in the nearby city of Charleroi.

Mr. Carette has been linked by police to the French leftist group Direct Action, as well as to a June 1979 bombing in southern Belgium that nearly hit a car carrying General Alexander M. Haig Jr., then the NATO commander.

Police who followed Miss Bandegeerde also were led to an apartment in Charleroi that they described as a hideout of the guerrilla group. They said they found papers in the apartment claiming responsibility for recent attacks, as well as plans for future bombings.

Although Mr. Gol and other Belgian officials ex-

essed satisfaction with the arrest, they indicated that other members of the group were still at large. The Brussels newspaper Le Soir said further attacks were possible since the group is believed to possess a large amount of explosives that were stolen from a quarry south of Brussels last year.

At the beginning of their bombing campaign, the Fighting Communist Cells were cautious in their tacs, planting the explosives in the middle of the night. But in recent weeks, the guerrillas have walked into downtown banks and business offices during working hours and left the time bombs along with leaflets warning of the impending explosion.

aguered by almost weekly bombings by the group this fall, the government took the unusual step of mobilizing six companies of army commandos to sist the police.

But criminology and terrorism experts say that fundamental changes are needed in the police force.

Police and government officials admit that despite serious outbreaks of terrorism in neighboring countries such as West Germany and Italy in the 1970s, Belgium failed to prepare its security forces to fight that kind of threat.

Belgians could never believe something like this could happen here," said Christian Lepage, a Brussels police commissioner. "We thought we knew

Mr. Lepage placed part of the blame for police deficiencies on inadequate training and funds. Until 1979, for example, local police forces were not required to send recruits to a training school. Many of them, he said, learned as they worked from older



Windows were shattered at this gas company building on Oct. 8 when a car bomb exploded in Brussels. The Fighting Communist Cells claimed responsibility for the attack.

# **Church Envoy** In Geneva, **But Refuses**

To Say Why

GENEVA - Terry Waite, the special envoy from the Church of England who is trying to secure the release of four American hostages held in Lebanon, arrived here Wednesday but refused to comment on the purpose of his visit. In response to inquiries, Mr. Waite said: "I don't want to speak. I'm not here.'

Diplomatic sources said that Mr. Waite, 46, met informally with officials of the International Red Cross during a brief stop in Geneva early this mouth and that he intended to follow up the talks.

A Red Cross spokeswoman said

only that there were no formal plans for a meeting. Hotel staff said that Mr. Waite,

the lay representative of the Most Reverend Robert Runcie, the archbishop of Canterbury, arrived from London. He was due to leave Friday for Lebanon.

Mr. Waite has been negotiating with the kidnappers in Beirut but has not identified them or any group to which they may belong. He has said he would try to hold talks next with officials from Kuwait, which has jailed 17 Arab guerrillas on bombing charges. Kuwaiti officials have said they would oppose any deal to free the 17 in return for the Americans' release. and Mr. Waite was denied a Kuwaiti entry visa last week.

The hostages are Terry A. Anderson, a correspondent of The Associated Press; the Reverend Lawrence Martin Jenco, a Roman Catholic priest; David P. Jacobsen, director of the American University hospital in Beirut; and Thomas M. Sutherland, the university's acting dean of agriculture.

In Damascus, meanwhile, rival Lebanese militias started joint talks with Syrian leaders in a fresh attempt to break the stalemate over a

plan to end Lebanon's civil war. The talks followed separate meetings between Vice President Abdel Halim Khaddam and representatives of the Christian Lebanese Forces militia, the mainly-Druze Progressive Socialist Party and the Shute Amal militia.

# Ivory Coast Resumes Ties With Israel

GENEVA - Israel and the Ivory Coast announced Wednesday that they were resumin relations that were severed after the

1973 Middle East war. The announcement was made after a meeting in Geneva between Félix Houphouët-Boigny, presi-dent of the Ivory Coast, and Prime Minister Shimon Peres of Israel.

Mr. Peres said he expected that relations also would be re-established soon with two other African countries, but he declined to name

A joint communique read by the Israeli Foreign Ministry said that Mr. Peres expressed his support at the meeting "for the policy of dialogue and of peace of President Households Reights".

The Israeli prime minister, it said, "expressed his conviction that that policy is applicable also within the context of the Middle East."

The two leaders will put the decision to resume relations before their governments for approval, the uniqué said.

In addition to white-ruled South Africa, the move would increase to seven the number of African countries that have formal relations with israel. The nation also has ties with Egypt, Malawi, Swaziland, Lesoto, Liberia, and Zaire. Israel also has "interest offices"

in a number of other African countries, the Foreign Ministry said.

# Smoking on All Flights

STOCKHOLM -- The Swedish domestic airline Linjeflyg will ban smoking on all its Hights, making it the first totally no-smoking airline in Europe, officials said.

Linjeflyg said Monday that there would be no smoking on its flights beginning Jan. 20. It cited general health concerns and polls that show an overwhelming majority of passengers in favor of the measure. passengers in the last fiscal year.

#### Taiwan Planes Collide; 2 Die The Associated Press

TAIPEI - An F-5E jet fighter collided with a T-CH-1 military training sircraft over central Taiwan on Tuesday, killing both airmen on the trainer and seriously injuring the lighter pilot, the Unit-ed Daily News reported Wednes-



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# **WORLD BRIEFS**

# Cyprus Arrests Armed Man at Airp

LARNACA. Cyprus (Reuters) — A man who tried to board an artified with guns and grenades hidden inside wine bottles in his hand ingage was remanded in custody Wednesday for eight days by a Cyprus men. Police said they were looking for two other men as possible accomplices in what might have been a hijacking attempt. They said they had arrested Sami Ali Maroun Nasr. 26, as he tried to board Swissair Fight 358, which was on a stopover Tuesday during a Zurich to Amman fight. They said he had a Jordanian passport and was believed to be

The police said the man had three hand grenades, two pistois, a sience and 91 rounds of ammunition concealed in Chianti bottles that had he sawed off at the base and resealed.

Protests Disrupt Spain's Basque Region

PAMPLONA, Spain (Reuters) — Several demonstrators were in

Wednesday in clashes with the police during widespread protests in

northern Spain against the death of a Basque man arrested by the paramilitary Civil Guard, police sources said.
In Navarre province, where the man, Mikel Zabalza, 32, was builed

protesters threw gasoline bombs at police, who fired rubber bulles veral protesters were injured and a policeman suffered burns. Witness es said a journalist was taken to a hospital after being beaten by poliwith riot sticks in San Sebastián. Four persons were detained in Bilbao, where demonstrators set fire to

Four persons were detained in Bubbao, where demonstrators set fire to barricades. A general strike brought the province of Guiphizcoa to a standsull and slowed other Basque provinces. Mr. Zabalza's body was found in the Bidassoa River 19 days after he disappeared while in

#### Seoul Tells U.S. Reporter to Leave

SEOUL (AP) — Timothy Elder, a Tokyo-based correspondent for The Washington Times, left South Korea on Tuesday after being declared

persona non grata and advised by authorities to go quickly.

A South Korean official said that Mr. Elder, 34, had been declared undesirable because of a story he wrote saying that President Chan Doo Hwan of South Korea and President Kim II Sung of North Korea met secretly on Nov. 9 in the demilitarized zone that divides the peninsula. South Korean officials in Seoul and Washington have vehemently denied the story, saying it was based on "rumors and speculation." The Washington Times is owned by members of the Unification Church headed by the South Korean evangelist, the Reverend Sun Myung Moon.

#### Kaunda Urges Effort on African Trade

LUSAKA, Zambia - President Kenneth Kaunda of Zambia urged group of 15 black African states Wednesday to bury their differ-ences and work together for economic improvement as officials from the countries met to review efforts to set up a free-trade zone.

Opening a meeting of the Preferential Trade Area, Mr. Kaunda said the members faced enormous problems in developing their economies. He said the group, which aims to create a common market of up to 20 countries by 1992, was vital because the continent's black states had been economically dependent upon the industrialized world for too long. "There is an imperative need to consolidate our

unity of purpose," he said. Zambia, Zimbabwe, Burundi and Tanzania are represented at the two days of talks by their heads of state, while the other countries - Comoro Islands, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland and Uganda - have sent



#### Guatemala's New Leader Visits U.S.

WASHINGTON (WP) — Marco Vinicio Cerezo, the p Guatemala, on a visit here, has proclaimed a position of "active neutrality" in Central America's conflicts.

Mr. Cerezo, who will become the first civilian president in Guatemala in 31 years, said his "active neutrality" would mean "a more aggressive presence in the affairs of Central America," including a push for a Central American parliament as a forum for regional discussions.

Mr. Cerezo met for 20 minutes on Wednesday with Vice President

George Bush, who accepted an invitation to attend Mr. Cerezo's inauguration Jan. 14.

#### For the Record

The conviction of Jeffrey R. MacDonald, a former army doctor in the Green Berets who was found guilty of the 1970 murders of his wife and two daughters, was upheld Wednesday by a U.S. Appeals Court in Richmond, Virginia. He says a band of hippies killed his family. (AP) A former assistant secretary of the navy, George A. Sawyer, was cleared. Tuesday of charges that he concealed his job interviews with a major relies to the conceal military contractor, General Dynamics Corp., during his final months in the Pentason.

(AP)

Finance Minister Aouad Abdul-Maguid of Sudan resigned Wednesday after the government failed to endorse a draft accord he had negotiated

with the International Monetary Fund. The Israeli Army closed An-Najah University at Nablus on Wednesday. For the second consecutive day following weekend rallies on the West Bank campus in support of the Palestine Liberation Organization, and

army spokeswoman said.

(AP)

President Saddam Hussein of Iraq returned to Baghdad on Tuesday from a two-day visit to the Soviet Union; diplomatic sources said he was seeking more Soviet arms. (Reuters)
Polish police detained on Wednesday two activists of the banned

#### Solidarity trade union, Henryk Wujec and Jacek Szymanderski, after searching their homes, opposition sources said.

#### Correction

In a special report on diamonds published Dec. 10, an article on the investment market overstated the decline since 1980 in the asking price for a one-carst D-Flawless diamond. The correct figure for the drop is

#### **DOONESBURY**









#### Paralyzes Leadership, Slows Economy TRAVELLERS REASSURED'WATER IN BOMBAY SAFE TO DRINK'. By Henry Kamm New York Times Sernce Based on his long and intimate acquaintance with

BELGRADE - Three hundred households in Serbia canceled electric service in November. With an 80-percent rate of inflation this year and a 73-percent rise in the cost of living, the residents could no longer afford it.

Throughout the country, when-ever a train crosses from one of the six constituent republics to the next, the engine has to be changed. While countries elsewhere in Europe move toward integration, the Yugoslav republics ever more strongly assert their rights within

Meanwhile, the ruling Communist Party, known here as the League of Communists, announced most of them blue-collar workers. had turned in their party cards last

With its economy in crisis and the country in need of determined leadership, as even Yugoslav offi-cials concede, political disarray is paralyzing decision-making, and the party that allows no rival politi-

No. 006262 of 1985

No. 006261 of 1985

Na. 006260 of 1985

No. 006263 of 1985

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1985: No. 334

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cal force admits that its own appeal stepped at his choosing are a thing

Disunity Among Yugoslav Republics

is waning. of the past A nine-member collec-Yugoslavia's economic problems tive state presidency, comprising are severe and its political disorder one representative for each repubis complex. Yugoslav officials, like lic and autonomous province plus foreign diplomats here, say they see the president of the Communist little chance of reversing the eco- Party Presidium, exercises the dunomic decline or of restoring unity. ties of the head of state.

Most households in this nation of Vidoje Zarkovic, hold their posts in 22.6 million people are significantly worse off today than they were are relieved by others whose names five years ago. Unemployment are equally unfamiliar to the aversands at 1.2 million, or 13 percent of the labor force.

Real power resides in the repub-

in November that 75,000 members, net, the Federal Executive Council. meaning, in fact, unanimity. ublic that Tito founded

ly autonomous republics and two accept these measures." nearly equally independent prov-inces, Yugoslav officials and for-der pressure from the International

only political party, has become banks to which Yugoslavia owes eight separate party organizations \$20 billion.
with equal representation in the collective federal leadership. The derstating the situation. The sepacollective leadership cannot impose rate interests of Yugoslavia's redecisions on the Federal Assembly gions preclude the adoption of or on the constituent republics.

Diplomacy and the military conform.

Similarly in the government's Mr. Kovacevic, an economics tinue firmly in the government's hand. But few other powers are specialist who studied in the Unit-

constitution, Tito's work, but did province, were greater than those not become reality until his death between the United States and Yu-The legal bounds that Tito over- goslavia.

Yugoslavia has a foreign debt of \$20 billion. Since 1980, real wages, the measure of purchasing power, have declined by nearly one-third. ter, Milka Planinc; and party chief,

"Economic stagnation has lies and provinces, whose legisla-reached the limits of social and tures tell their members of the Fed-political tolerance," said Zivorad cral Assembly how to vote. Laws Kovacevic, a member of the cabi-

at the end of World War II and led program for economic change at a with a firm hand until his death in news conference in November, Mr. 1980 has become a quarreling, Kovacevic said, "I am not sure that loose confederation of six effective- parliament and the public will fully

eign diplomats said. Monetary Fund, creditor govern-The League of Communists, the ments and the 610 commercial

most of the program in its present

ed States, noted this when he said The far-reaching autonomy of that the differences between Slove-Yugoslavia's republics and prov-inces was enshrined in the 1974 and Kosovo, the least developed

# **Nobel Peace Laureates Meet With Gorbachev**

MOSCOW - The American and Soviet doctors who won this year's Nobel Peace Prize met the Soviet leader, Mikhail S. Gorbachev, on Wednesday and said they had urged him to extend a halt to

nuclear testing.

Dr. Yevgeni Chazov, a Soviet deputy health minister, and Dr. Bernard Lown of Harvard, said they had talked for more than two hours with Mr. Gorbachev, mainly on the aims of their organization, the International Physicians for the Prevention of Nuclear War.

Speaking at a news conference, the two defended the group's goals. The award to the organization caused controversy in the West because of Dr. Chazov's role as a to have the courage and statesmansenior Soviet official and his signa- ship" to help end the arms race:

sident Andrei D. Sakharov. Dr. Lown, a cardiologist, said that the two men had pressed Mr. Swedish Airline Bans Gorbachev to extend a suspension on nuclear testing due to end Jan. 1. Moscow declared the moratorium in July.

"The impression I received was that the Soviet Union will not go on suspending testing forever," he Dr. Lown said that Mr. Gorbachev told them a freeze could easily be verified and that Moscow was

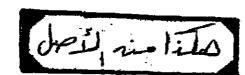
still hoping the United States would join it. The United States has said it will continue testing. The American doctor said he told Mr. Gorbachev, "Someone has

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# eagan Vetoes Bill to Limit Textile, Shoe Imports

By Stuart Auerbach Washington Post Service
ASHINGTON — President ld Reagan has vetoed a bill would have sharply limited in-

of textiles, shoes and copper he United States. wever, he delayed the action late Tuesday night to avoid. conizing members of the e of Representatives whose art he was seeking on legisla-

o overhaul the tax system. ther prices and shrinking ecoe growth," Mr. Reagan said in tions
it of his message that circulat-

ed on Capitol Hill before he actually signed the veto.

The bill, as approved by Congress, would have rolled back textile and clothing shipments from the three leading suppliers — Tai-wan, Korea and Hong Kong — by as much as 30 percent.

The growth of textile shipments from nine other major suppliers, all Asian countries with the exception of Brazil, would have been limited permanently to 1 percent a year. Shoe imports would have been him-"damaging effects" of the Shoe imports would have been limited for eight years to 60 percent of y every American in the form the U.S. market, and luggage imports also would have faced restric-

A White House official said the

president delayed his veto because
"it would just cloud things up" to
deal with a trade bill that had expanded in the Senate to include of the American Textile Manufactures are to include a second of the American Texti strong support in the Senate and House in the midst of the tax debate. The president, who faced a midnight Tuesday deadline for his veto, signed it shortly before 11 P.M.

The legislation had become the weapon for a bipartisan attack on the U.S. trade deficit, which is expected to soar to a record \$150 billion this year. Imports were blamed for factory closings and losses of manufacturing jobs. Sup-porters of the measure said imports had eliminated 356,000 jobs in the U.S. textile, shoe and copper indus-

expanded in the Senate to include turers Institute, vowed the legislaattempt to swell the number of supcase was the victory margin enough to override a veto."

The bill had bipartisan support, centered largely in the textile and apparel-producing states of the Southeast and the Northeast. Its major opposition came from law-makers from farm states and export-oriented states of the Pacific Northwest, who felt their constituents would suffer most from retali-

In anticipation of the veto, Car-

the copper and shoe sectors in an tive battle would continue, "We are not going to go away," he said. Despite the bill's strong support porters. It passed both houses by Despite the bill's strong support comfortable margins, but in neither in Congress — at one point more

than half the Senate and two-thirds of the House had lined up as cosponsors — a presidential veto was never in doubt. White House aides opposed the bill in Congress, calling it highly protectionist. "It is my firm conviction that the

economic and human costs of such a bill run far too high -- costs in foreign retaliation against U.S. exports, loss of American jobs, losses to American businesses and damage to the world trading system on which our prosperity depends," Mr. Reagan said in the draft veto

Mr. Reagan tried to placate the import-battered textile industry in his draft message while ignoring the complaints of shoe and copper makers.

According to the draft, he orchine tools, a staple of Mr. Henry's dered Commerce Secretary Malcolm Baldrige to investigate textile Generally, the Republicans who industry charges that imports are changed their mind and lined up surging into the United States in behind tax overhaul came from the amounts greater than allowed by international agreements.

Mr. Moore of the textile institute Northeast and Middle West. Few

converts emerged in areas depen-dent on timber, oil or mining, all said textile imports had doubled industries that are likely to pay since 1980 and now accounted for more taxes under the measure. 45 percent of U.S. retail sales.

Mr. Vander Jagt said many oth-Mr. Reagan said he would tighters changed their position because en administrative and enforcement they fell that they had won the procedures if the industry charges proved true.

battle even before the war was over. They had persuaded the president The president also directed Trade Representative Clayton K. Yeutter to take a strong stand in House Republicans as players in negotiations that have just started for a new international pact coverof Michigan, another Republican who voted against the bill last won," Mr. Vander Jagt said.

"That way, people can vote for a ing trade in textiles and appurel bill they may not like and say: We called the Multi-Fiber Arrangement.



SALUTE TO DC-3 — The workhorse of the air, the Douglas DC-3, is marking its 50th anniversary. The first test flight of the twin-engine transport, nicknamed "the gooney bird," was over Santa Monica, California, on Dec. 17, 1935. From left, Donald W. Douglas Jr., board member of McDonnell Douglas Corp.; Arthur Raymond, one of the plane's designers; and Bailey Oswald, an aerodynamicist on the original plane.

Bill Would Trim Exclusion, Subject

# lattery Was Tool in Winning Tax Bill Converts week, Mr. Reagan promised that his Council on Economic Policy would investigate whether import iquotas should be imposed on ma-

By Dale Russakoff Washington Post Service ASHINGTON - President ald Reagan may have wanted Many Republicans ik taxes when he invited Repntative Steven Gunderson to Plan Dval Office early Tuesday, but young Republican congress-from dairy country wanted to lined up behind the bill because the president finally cows. So they did.
y the time the session was over,

y the time the session was over,

1 men had what they wanted.
Gonderson knew Mr. Reagan
ild sign the farm bill sought by
rural Wisconsin district; Mr. igan knew Mr. Gunderson ild help try to rescue sweeping overhaul legislation in the I told him my farmers needed a

nce in agriculture," said Mr.

Il hoderson, 34, "and so I think it
couly right to give the president hance on tax reform. I think ei's a sensible way for adults to

And that's the way business was he Tuesday up and down the publican and Democratic aisles the House as Mr. Reagan and use Democratic leaders picked the votes needed to resuscitate a thill that many members said y wished would go away.

n a suprise move only a week
all but 14 House Republicans
timed against the president and cked consideration of the tax On Tuesday, Mr. Gunderson 55 other rebels, including such publican leaders such as Repreitative Jack F. Kemp of New Tk. reversed themselves and sup-

ted the president. lew of the Republican converts d they changed their opinion of tax bill's merits. Mr. Gunder-called it "awful." Representa-Henry J. Hyde of Illinois said d" it. Representative Vander Jagt of Michigan

it "seriously flawed." but most said they left they had a something from Mr. Reagan. it a little attention, a promise to o the bill unless the Senate prends it or, in cases like Mr. Gun-

son's, a special favor for a use member or his district. Never mind that Mr. Reagan shably would have signed the ident and he couldn't campaign for anyone in 1986," Mr. Conte said. "In politics, you always keep the window open. I said: 'Let me think

Never mind, also, that Demo-

#### N.Y. Jewelers ace Tax Charges

New York Times Service NEW YORK — The president all the controller of Van Cleef & spels Inc. have been indicted on uges of scheming to help cusners evade city and state sales es on more than \$4.6 million in

Laude Arpels, 74, the president, 1Al Schwartz, 66, the controller, aded not guilty Monday in State preme Court in Manhattan to urges of conspiracy, falsifying siness records and failing to colt sales taxes over a five-year perihad treated them as players in Washington politics.

cratic and Republican converts appear to have heard contradictory messages in the president's prom-ises. On Tuesday, each side needed the other, and almost nobody came

away feeling empty-handed. Mr. Kemp, a leader of last week's mutiny, voted "yea" Tues-day because he said he believed Mr. Reagan would veto the bill unless the Senate changed it. Representa-tive Wyche Fowler, Democrat of Georgia, said he switched to the column because he thought Mr. Reagan was bluffing.

"I just don't believe anything I hear about this bill from now on," Mr. Fowler said.

Mr. Vander Jagt said he voted for the legislation because he ex-pects the Senate to make the bill more Republican. At least two Democrats said they did so because they hope the Senate will kill it. Some mutineers came back to the Reagan fold for reasons that

might repel the president. Representative Silvio O. Conte, Republithe bill as a vehicle to raise taxes and reduce the deficit. -He said Reagan made an unusu-

ally emotional appeal to him by telephone last week, but that it had nothing to do with his switch.
"He said if this wasn't turned around, he'd be an ineffective pres-

about it,' but I'd already made up my mind."
Mr. Conte, sporting a Reagannot signal new loyalty to the White

"Five years they've been in of-

fice. They've given me zilch. I've gotten nothing except this tie clasp," he exclaimed, waving a ci-

But some Republicans said they had gotten something to write home about. Representative George W. Gekas, Republican of Pennsylvania, agreed to vote "yes" after Treasury Secretary James A. Baker 3d promised last week to study his proposal to stagger the filing dates for income tax returns.

An aide to the congressman said Mr. Gekas helped block the bill last week largely because it allowed for no consideration of his plan on filing dates.

# Reagan's '87 Budget Would Halt Aid To Farm Service, End Commerce Panel

to visit Capitol Hill on Monday

and to acknowledge the oft-ignored

Washington politics.

By Robert Pear

Steven Gunderson

And in response to a request

New York Times Service WASHINGTON - President Ronald Reagan's draft budget for the 1987 fiscal year would reduce the staff of the Social Security Administration, abolish the Interstate Commerce Commission and end federal support for the agricultural Extension Service.

The commerce commission, es-tablished in 1887, is the oldest federal regulatory agency. The Extension Service gives technical and scientific advice to farmers. Administration officials said

can of Massachusetts, for example. Tuesday that the proposals were said he hopes the Senate will use part of a \$50-billion package of spending cuts and fee increases needed to hold the 1987 deficit to \$144 billion, the maximum allowed by a new law aimed at balancing the budget by 1991.

The administration's budget for

fiscal 1987, which begins next Oct. 1, will not become public until it is submitted to Congress in February. The decisions have been tentatively approved by Mr. Reagan but are

Mr. Reagan's 1987 budget also would save \$760 million by elimi-Mr. Conte, sporting a Reagan-nating the last quarterly payment signature tie clasp, said his vote did of revenue-sharing funds authorized by current law. The money normally would be dishursed in the first week of October 1986 to 39,000 counties, cities and towns.

uon and day care to computers and

Revenue sharing and the Extension Service are two of the most pervasive federal programs, affecting virtually every U.S. county.

not seek to cut Social Security benefits, it would propose trim-ming 3,000 employees from the Social Security Administration through attrition, budget officials said. The agency, which pays monthly cash benefits to 37 million people, now has 78,950 employees.
Under the president's proposal,
the Interstate Commerce Commission would go out of business in its

centennial year. The agency was created to regulate the rates of railmads, which had been accused of unfair, monopolistic practices. Since 1935 the commission has had authority to regulate trucking companies and bus lines.

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in recent years, many econoe said such re hibited vigorous competition.

James C. Miller 3d, director of the
Office of Management and Budget,
has been a leading proponent of deregulation in transportation and other industries.
The Extension Service, founded

Revenue sharing helps local gov-ernments pay for goods and ser-vices ranging from police protec-major contribution to productivity. It is part of a cooperative network that includes 177 federal employees mass transit. and 16,000 state and county work-

Federal budget officials said that if the service was worth preserving. state and local governments should pay for it. The federal contribution While Mr. Reagan's budget does is one-third, with remaining costs

borne about equally by the states and the counties, federal officials The draft budget proposal was criticized by Lee R. Kolmer, dean of the College of Agriculture at Iowa State University in Ames.

"We spend less for food, in real terms, than any other society in the world," he said. "A major reason is that agriculture in this country has adopted science and technology at a very rapid rate. But new technology doesn't just go from the research laboratory to the point of production without some transfer agent. The Extension Service is the

draft budget calls for selling the 197 people were missing and feared Federal Housing Administration to drowned, the Philippine News "private bidders." The agency is basically a giant mortgage in ance company that has provided insurance for 51 million home buyers in its 50 years of existence.

after the ferry Asunción sank, the agency quoted the Philippine Coast Guard as saying. in 1914, translates research into ers in its 50 years of existence.

Ronald Reagan, these provisions could significantly raise the tax burden for many Americans working overseas.

The Reagan administration, however, is expected to push its own version of tax revision when the Republican-controlled Senate

takes up the subject next year. The administration's package does not change the current tax rules for Americans abroad. Under present law, Americans

abroad may exclude \$80,000 of in-come earned abroad from U.S. income taxes. The figure is due to rise to \$85,000 for income earned in 1987, to \$90,000 in 1988 and \$95,000 in 1989. The House bill cuts the exclusion to \$75,000 and also freezes it at that level indefi-Of even more consequence for

By Robert C. Siner International Herald Tribune

form bill passed by the House of

Representatives on Tuesday would

reduce the \$80,000 earned income

exclusion for Americans living

abroad to \$75,000 and subject all taxpayers who use the exclusion to

If the tax bill is approved by the

Senate and signed by President

um tax.

WASHINGTON - The tax re-

those who use the exclusion is the minimum tax provision, which in effect halves the exclusion. To find the minimum tax an overseas taxpayer would total his

Philippine Ferry Sinks; 3 Rescued, 197 Missing

The Associated Press MANILA - A passenger ferry the central island of Mindoro, and Agency reported.

Only three persons were rescued

**Americans Abroad to Minimum Tax** salary, allowances, interest, and dividend income to find "net tax- tax would work, consider a married able income." He would subtract from this a "threshold amount" of \$120,000 in salary and allowances \$40,000 (\$30,000 for a single taxpayer) and his personal exemptions deductions of \$20,000, leaving and deductions, or take the stan- \$100,000. dard deduction. The taxpayer would then take 25 percent of what

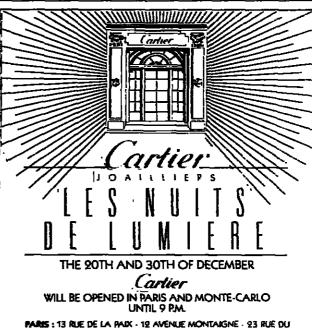
was left to find the minimum tax. Next, he would calculate his tax using the \$75,000 exclusion and pay whichever was greater. The minimum (ax could be re-

duced by applying credit for in-come taxes paid to a foreign gov-ernment. In many high-tax countries, such as those in northern Europe, the foreign tax credit can substantially reduce or even totally offset the U.S. taxes. The foreign tax credit is not subject to the mini-

To illustrate how the minimum overseas taxpayer who earns

Under current law he would then subtract the \$80,000 income exclusion, leaving \$20,000 taxable income. He would owe about \$2,500 in U.S. income taxes.

If the new rules are enacted, the taxpayer would subtract the \$40,000 threshold amount from the \$100,000, leaving \$60,000. His minimum tax would be 25 percent of that, or \$15,000. Using the \$75,000 exclusion, he would find his U.S. tax would be about \$3,300. But he would have to pay the great-



PARES: 13 RUE DE LA PAIX - 12 AVENUE MONTAIGNE - 23 RUE DU FAUBOURG SAINT-HONORÉ - 7 PLACE VENDÔME - 23 PLACE VENDÔME-HÔTEL GEORGE V:31 AVENUE GEORGE - V-HÔTEL HILTON-18 AVENUE DE SUFFREN : MONTE-CARLO : PLACE DU CASINO.

# lajor Points of U.S. Tax Bill

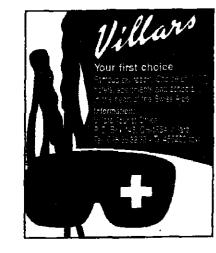
VASHINGTON — Here are highlights of what the tax bill approved the House of Representatives would provide:

ndividual tax rates: The many brackets with rates ranging from 11 cent to 50 percent collapse into four brackets with rates ranging from percent to 38 percent. ersonal exemption: Increase from the current \$1,040 to \$2,000 in 6, but effectively limited to \$1,500 for taxpayers who itemize deduc-

transport deduction: Increase to \$2,950 for single people and \$4,800 for ples, compared to the current zero-bracket amounts of \$2,390 and

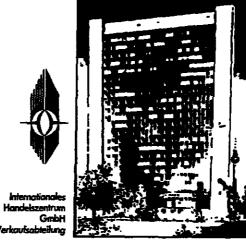
individual tax breaks: Two-earner deduction repealed. Mortgage interon a first and second home still fully deductible, but other interest luctions limited to \$20,000 per family. Dividend exclusion — \$100 for the still fully deductions including the still fully deductions. state and local tax payments, retained. Minimum tax raised to 25

letirement: Personal contributions to tax-deferred 401(k) accounts ited to \$7,000, and maximum contributions to individual retirement ounts reduced by \$1 for each \$1 contributed to a 401(k) plan. Jorporate tax rates: Top rate reduced to 36 percent from 46 percent lusiness tax breaks: Investment tax credit repealed. Business write business tax breaks: Investment tax credit repealed. Business writeis for capital costs reduced. Only 80 percent of business meals and
ertainment expenses deductible. Many specific preferences for indusreduced. Minimum tax expanded and boosted to 25 percent.





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# Selling of SDI: A Deep Rift Among Researchers

From the start, program officials old Youas, the program's chief scientist, told a Georgetown University symposium in September 1984 that one of the plan's biggest challenges would be to build public and technology achievements.

ten used acronyms evocative of nanship, especially in planning for highly visible technology tests. The initial name for these was Beacon, for Bold Experiments to Advance Confidence, Later, the name for such a project became STAR, for Significant Technical

about 10 reportedly have been se-lected for STAR roles. The criteria fairs Council that "surprising profor their selection are whether a project is making scientific gains and whether it can be evocative of technological advances.

"Early on there was a series of Beacons that was rejected as being too showy," said an official of a large acrospace firm, who added: There is history to show that "There is history to show that ting into effect the president's vistunts are helpful, distasteful sion of a "space shield." though they may be in some ways."

bouncing of a laser beam off the more laboratory, which employs space shuttle in June, the demoli-8,000 workers and scientists. "We space shuttle in June, the demolition of a stationary missile during a probably could build a strategic laser test in New Mexico in September, and the destruction of a months are a considered as a summock Soviet missile by a speeding projectile in November.

deffective against the current Soviet something as fundamental as numbers are clear weapons, the more impressive the merchandising efforts be-

(Continued from Page 1) government officials, a STAR gets search stage. And I'm afraid the find the best way to convince the a lot of money and attention. In a public is getting the opinion that public at large, and Congress in rare public reference to this aspect it's closer than it really is." particular, that we have a viable of the program, Dr. Edward Teller, program, both technically and po- a key promoter of the anti-missile plan and principal developer of the searchers leveled an unusual blast have acknowledged the need for dience in June that major STAR stirring demonstrations. Dr. Ger- projects were expected to cost \$500 million to \$2 billion each, and that several were anticipated in the next

The chief booster of such demonstrations is the director of the congressional support, as well as anti-missile plan, Lieutenant Gengaining the support of U.S. allies. eral James A. Abrahamson of the The task, he said, called for "visible air force, who has argued in speeches and congressional testimony In private, SDI officials have of-an used acronyms evocative of at an "incredible pace."

# Scientists Level

decade sooner than expected.

scientists at the forefront of the anti-missile project, whose research has shown actual progress on put-

"There are some things we can Examples are said to include the do," said Dr. Miller of the Liverdefense that would be 50-percent According to past and present asked for. That's clearly in the re- come."

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In November's Defense Week, a respected industry publication, re-

hydrogen bomb, told a London au- of public criticism at what they viewed as overselling. In an article titled "Expert Decries Harmful Hyperbole," Dr. Cornelius F. Coll 3d, director of "star wars" system studies at the Livermore laboratory, charged that overstatements by Pentagon officials were imperiling the program. He also argued that estimates of the cost of an antimissile defense were unrealistically

> "It's more important to this lab that our technical credibility be sustained than it is that 'star wars' becomes a reality," he added. There's going to be life after 'star

#### One Metaphor: Captive Chicken

High officials at several federal aboratories in California and New Mexico echoed the complaints of Dr. Coll and Dr. Miller, saying U.S. technical credibility was threatened by sales pitches. There's a real danger in this

hype atmosphere for certain programs to overpromise," said Dr. Stephen D. Rockwood, director of "star wars" research at the Los Alamos National Laboratory in New Mexico, which employs 7,000

Dr. Hagengruber of the Sandia lab, which has 8,000 employees, said, "The more expensive a program is, and the more it gets to

Dr. Hagengruber said such sales-manship could imperil the design ogy conference in Colorado that of experiments, especially those the anti-missile program had recently succeeded in destroying a of beam weapons. There's a desire one-third-sized mockup of a Soviet SS-18 missile. Displaying a photograph of the splintered booster, he said the test

demonstrated the anti-missile po-

hundreds of Pentagon officials,

ght of the crumpled booster.

damage had not been done by an

electromagnetic railgun but by a

hardened projectile fired from an

air gun. The modern air gun was developed in France in the early

Critics Risk Jail,

Report Failures

Dissidents in the Pentagon's

This X-ray laser device, powered

reports, he took the news to the

White House. Mr. Reagan later di-

But anonymous rebels soon ob-

jected to the purported advances.

risking jail sentences to give jour-

nalists top-secret details of failed nuclear X-ray laser tests. In its

Nov. 8 issue. Science magazine, a

respected scientific journal, report-

ment had proved defective and had

failed in an experiment at the Ne-

vada nuclear weapons test site. In addition, the journal said, a

key monitoring device had been

miscalibrated, rendering the results

of earlier tests uncertain. Further

disclosures to the press revealed

that the government intended to

test although the design flaw had

On Dec. 6, 30 members of Con-

gress sent a letter to Defense Secre-

tary Caspar W. Weinberger urging

to cost \$30 million, until the prob-

lems could be fixed. They also

not been eliminated

anti-missile program generally con-fine their criticism to policy trends.

But in one case, however, concern

rity laws.

"If, for example, one was going tential of the electromagnetic railgun, an experimental kinetic enerwatch in the horn of a microwave gy weapon that could be based in space. The audience, including and say microwaves kill watches." military industry executives and reporters, broke into applause at the

experiments. These demonstrations have the potential to be what we call strap-down chicken tests, where you strap the chicken down. blow it apart with a shotgun, and say shotguns kill chickens. But 18th century. that's quite different from trying to kill a chicken in a dense forest while it's running away from you."

Although Dr. Hagengruber de-clined to cite specific examples, critics outside the government have pointed to the destruction of a missile in New Mexico in September as

to Pentagon officials. Close-up films and photos of the exploding fore the Geneva summit meeting.

The weapon behind that test is known as Miracl, for Mid-Infrared

cret, \$300-million installation. Miracl is "the free world's highest average-power laser," according to the Pentagon, although it looks more like a giant diesel engine. Its ed that a key X-ray focusing ele-beam is fixed and cannot be direct-ment had proved descrive and had ed at moving targets. The laser's delicate mirrors, dozens in all, are fashioned so that heat is removed by the circulation of 9,000 gallons (34,000 liters) of cold water. About 370 people are needed to operate

In the test in September, the second stage of a Titan missile was put proceed with its next X-ray laser about haif a mile from the laser. The casing, which carried no fuel, exploded after being irradiated by the Miracl beam for "several seconds," Pentagon officials said, declining to be more specific about

"This advance gives us greater confidence in our ability to focus asked for an "immediate" briefing the laser beam into a small spot at on the X-ray laser program, includlong range," General Abrahamson told the Philadelphia World Affairs Council, hailing it as one of the confirmed that there are unre-program's "world-class break- solved technical problems in the X-

On another score, these critics public with anti-missile feats. Gensay, the Miraci test was misleading. eral Abrahamson, the program di-"The impression was that the laser rector, denies this. blew it apart," said John E. Pike, "We're trying to run an open head of space policy for the Federation of American Scientists, a nonprofit group based in Washington that is skeptical of the anticedures that allow people to see what we're doing the real rate of missile plan. "But it was the gadget progress, so they can make their own judgments." at the top, the cross bar that was ostensibly there for dynamic loading with the cables pulling down, that caused it to fly to pieces. The test looked much more impressive

In November, a different test was publicized when General

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Mr. Kohl. Earlier this year, the two leaders attempted to coordinate a common West European position on the program, but this effort now seems to have failed.

Inc. French believe that any West German participation in SDI will be detrimental to Mr. Mitterrand's Eureka project. Eureka calls for increased European coopera-

projections.]

Making clear that he was unpersuaded by the U.S. arguments in favor of SDI, Mr. Quilès listed French objections to the program's cost and technical feasibility. He said these doubts had been rein-

forced by the skepticism of several eading U.S. scientists. "The most optimistic predictions

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NEW ORLEANS — The racke-teering trial of Governor Edwards Edwards of Louisiana and four codefendants ended Wednesday in a

mistrial with the jury reporting it-self hopelessly deadlocked. U.S. District Judge Marcel Livandais said that the jury had told him there was no chance it could reach a verdict without reviewing large amounts of testimony.

The judge said that jurors wat asking for too much material and that he had been presented with a motion for a mistrial. "I will grant that motion," he said, U.S. Autoney John Volz had said he would retry Mr. Edwards if the jury failed to reach a verdict.

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# Blast of Criticism

STAR, for Significant Technical Achievements and Research.

Of the 1,000 or so contracts and projects in the SDI program, only about 10 reportedly have been set of the Philadelphia World Afgress" had been made that meant the United States could deploy a workable space shield at least a

Such assertions, however, irritate

meant to test the destructive power to have very early demonstrations, to show lethality," he said, adding such tests can be "contrived."

to demonstrate the lethality of microwaves, one could put a digital generator, blow the watch apart, he said. For the lay public and Congress, that might be impres-

"But," he added, "it's actually But in response to questions at a far removed from reality, and interferes in a way with more thoughtful all Abrahamson revealed that the

more showmanship than science.

ing development of the X-ray laser, The stationary motor casing in the desert was meant to mimic a researchers were so upset by what they viewed as exaggeration and Soviet missile in flight, according hyperbole that they broke the secumissile were widely distributed and shown repeatedly on television beby a nuclear bomb, is meant to fire beams of radiation in space to destroy enemy missiles. In April, Dr. Teller alluded to X-

Advanced Chemical Laser. It was ray laser breakthroughs in a speech built in the late 1970s by TRW Inc. at the University of California. for the navy and was originally Some time later, according to press meant to investigate defense of U.S. ships from enemy planes and missiles. Congress killed that prorected that an extra \$100 million be gram. But the Miracl laser was later channeled into the X-ray laser efsurrected by the Pentagon for lethality tests, and in 1984 was as-sembled at the White Sands Missile Range in New Mexico, a top-se-

the tin

throughs."

Critics outside the government, however, note that in space an antimissile laser would have to fire its beam thousands of miles. They add that for decades big lasers have been used to burn holes in metal over short ranges.

than it was."

#### Air Gun Splinters Missile Mock-Up

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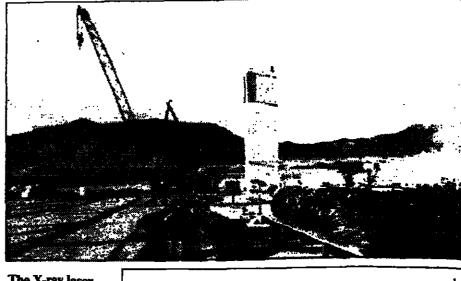
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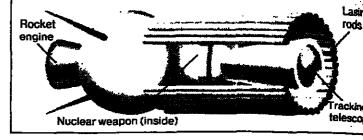
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The X-ray laser, right, powered by a nuclear bomb. could in theory fire beams of radiation at enemy missiles. Above, the underground test site in the Nevada desert.



"In every organization there are people who are more optimistic and more pessimistic," he added. "Since we don't impose strict censorship. I'm sure there are some

won't pay off in the way some other neonle have described them? Dr. Youas, the program's chief scientist, said he had fought a losing battle to keep government officials from using such acronyms as Beacon and STAR, saying they falsely implied a concern with showmanship. He said the antimissile program did have a special category of "significant experiments to resolve key technical is-

who think parts of the program

The Miracl experiments were worthwhile and provided important information." he said. Despite such denials, federal scientists say showy demonstrations are normal in any area of science

had been staged or their results

that requires a lot of public money. "Blame the whole American ap-proach to big science," said Dr. Rockwood, of the Los Alamos laboratory. "Congress needs to see something. They aren't knowledge-

In the anti-missile program, Dr. Rockwood said, real experiments that resulted in breakthroughs would probably be kept secret, especially if they held promise for the enetration of an enemy's anti-missile shield

As for public relations stunts, he anti-missile agenda could be minimized if key scientists and managers adhered to its deeper goals. "If the programs are managed in that way," he said, "then this oversell-

ing the experimental flaw.

Federal officials have publicly ing will not lead to vast waste."

Merchandising pressure may inray laser experiments, but they have characterized them as minor. Congress cut roughly \$1 billion to the magazine Aviat from the Reagan administration's request of \$3.7 billion. Larger cuts

"Aside from its technology." With the X-ray laser and antimissile tests in general, dissident scientists contend that serious research is threatened with distortion by the rush to impress the president, Congress and the American originally sought.

The problem, as some dissident gress" must be made no matter how dollar research effort." much money is cut. Otherwise, the programs' size makes them even program say real gains are being more vulnerable. "It happens evmade, especially with neutral-partierywhere, not just SDI," said Dr.
Hagengruber of the Sandia lab.
technical areas that have received

a combination of the two, several future STAR projects are expected to revolve around laser tests on the space shuttle, according to scien-tists in government and industry. These are to demonstrate the ability to find and track moving targets, in rehearsal for pointing a weapon.

#### Shape of Future: **Public Relations**

Originally such tests had been grouped together under a Pentagon program titled Talon Gold, which was to have had a single spacebased test aboard the space shuttle sues," but be denied that any tests in 1988. But Pentagon officials killed that program and created a new one in which a series of pointing tests on the shuttle are scheduled for 1986, 1987 and 1988.

"You don't want to tie things together in an end-to-end system said Dr. Havey, formerly with the White House. Too many things can go wrong. You need to demonstrate the components." At the Pentagon's request, these

shuttle tests are to be publicized, according to officials of the National Aeronautics and Space Adable enough to judge inventions ministration. Such openness is a without some sort of demonstra-break with official Defense Department policy, which calls for mili-tary shuttle missions and experiments to be classified as secret. Paradoxically, the new openness

means that routine launches of military communications satellites will be kept secret while tests of advanced weapons will be displayed in public. Starting in 1986, there said the potential for distorting the are to be two major shuttle-based experiments for the anti-missile program each year, according to NASA officials During one shuttle mission, laser

beams fired through a window of the European-built Spacelab are to fense, as Dr. Keyworth put it, is an strike one or more large mirrors issue that will be debated not only budget, according to some dissi-bay, and then be reflected toward dent scientists. For fiscal 1986, satellites or other targets, according satellites or other targets, according to the magazine Aviation Week "Aside from its technical objec-

loom, some congressional sources tives," the magazine said, quoting say, estimating the five-year anti- authoritative Pentagon sources, missile research program may get "the mission is designed to show little more than half the \$26 billion that the SDI project can produce significant results while building momentum to justify long-term scientists see it, is that visible "pro- continuation of the multibillion-

The dissidents in the anti-missile technical areas that have received Whether real science or stunts, or little publicity so far. They add that sponse.

mies would train together. Mr.

[The French believe that any

these projects have become STAR programs and will be given more money and demonstrations, Scientists in government and in dustry say there is a push to ad-

tise the fruits of the anti-mies. research before the 1988 presiden tial election. Top federal officials deny this. But in May, Mr. Reagan's science adviser. Dr. George A. Keyworth II, told a meeting o military contractors that "unequ ocal proof of the feasibility of anti-missile defense could be dem-onstrated by 1988 if the research was "properly streamlined."

After the speech, Dr. Keyworth said he was not speaking of demonstrations of missile interception in space, which he called a gimmick "If you put a big laser on a moun-taintop and destroy a steel sphere a meter in diameter on another mountaintop a couple of hundred miles away, you've demonstrated technological feasibility a heck of lot better than with space similar

Dr. Keyworth, one of the most ardent supporters of the SDI pian in the Reagan administration, recently announced he will resign his post at the end of the year. He has said he is satisfied with the direction of the program.

In the next few years increasing ly showy laser demonstrations will probably be performed in the New Mexico desert, according to scientists in government and industry. The Miracl laser, they say, is being equipped with a large beam director that will allow it to fire at mov-

ing targets, like large missiles. Whether such exhibitions as pointing lasers out of the space shuttle and destroying missiles in the New Mexican desert will constitute "unequivocal proof" of the leasibility of the "star wars" debut also by the scientists at work on the program. They say they are already worried by pressures to distort science for the sake of public

relations. Asked what the public should expect from the program in the next two or three years, Dr. Hagengruber of Sandia replied: "I expect they will not see the leaps and bounds in the technology they would all like to see. Their patience will wear thin, and that will be an added stimulus to stunts and dem-

TOMORROW: The overall milltury equation and the Soviet re-

half century," Mr. Quilès said.

"Science can make progress, some-

times very rapid progress, but it cannot work miracles."

onetrations '

# Bonn Seeks Share of U.S. Research on Space Defense

(Continued from Page 1) lead to a new round in the nuclear arms race and weaken the security of Western Europe.

"We're trying to run an open program," he said in an interview. "Within the limits of security con-

siderations, we owe the nation pro-

The criticism was contained in a full-page interview by the Paris newspaper Le Monde of Defense Minister Paul Quilès on his return from talks in Washington.

"SDI could upset the strategic concepts on which peace has rested since the last war," said Mr. Quilès. He added that it also could lead to a further polarization of public opinion in Western Europe be-tween "those who take refuge in

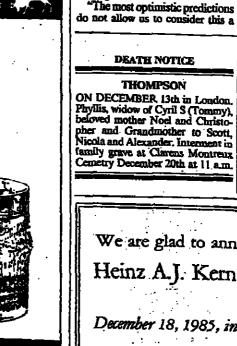
"those who place their destiny in nouncing that officers of their arthe hands of the superpowers."

Mr. Differences over SDI emerged in Kohl said this was a modest but talks Tuesday in Paris between significant sign of the vitality of President François Mitterrand and relations."

[The two leaders announced tion to develop high technology to plans Wednesday to increase miliary cooperation but remained divided over SDI, The Associated project. But it could have military

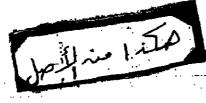
Press reported.
[After their Paris meeting, they tried to put the best face on increasneutralism and pacifism" and ing military cooperation by an-

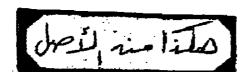




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# Research in Africa Shows AIDS Now Posing a Risk to Newborns

3y Lawrence K. Altman New York Times Service

ARIS - Researchers have nd more corroborating evidence By AIDS is spreading in Africa to point that it poses substantial is to newborn infants, and that it ris about as many women as n, primarily by heterosexual in-

he evidence comes from studies ambia by Zambian, American Canadian researchers involvsmall groups of pregnant womwborn infants, as well as ividuals with sexually transmitdiseases and a variety of other dical conditions, according to Subhash K. Hira of the Univer-Teaching Hospital in Lusaka, Zambian capital.

of 143 women who gave birth at iversity Teaching Hospital in re-t months, 17, or 12 percent, had ibodies to the acquired immune ciency syndrome virus, an indiion of prior infection. These 17 e birth to 15 infants who had ibodies to the AIDS virus. None the babies born to the other 126 thers showed evidence of such ection. Dr. Hira said in an inter-

Because many people may be riers of the AIDS virus without coming ill, and still others may develop symptoms uptil years er blood tests show evidence of ection, it is not known how iny of these women and infants develop AIDS. Additional es might be found later because ants can acquire the AIDS virus m nursing mothers who are in-

Further studies are being done to termine how many, if any, of the mothers and 15 babies had false a results that could result from immunological factors that norfirst few months of life, Dr. Hira

One component of the studies concerned apparently healthy people. Of 100 who had annual physical checkups, blood tests showed that 15 had evidence of the AIDS virus. Of these 15, two could have become infected through blood transfusions, two were bisexuals and two had had anal sexual relations at least once.

Other parts of the studies have shown that in Lusaka there is "almost an epidemic of herpes zoster," or shingles, Dr. Hira said. Doctors throughout the world have noted that shingles is one of the opportunistic infections that strike AIDS patients with unusual frequency.

Of the approximately 1,800 patients examined over the last three and a half months in a clinic specializing in sexually transmitted diseases, 120 patients, or 15 percent, have had shingles. This figure compares with 91, or one-half of 1 percent, of the 3,310 patients treated in the same clinic from 1979 to

Blood samples taken from 53 of the most recent shingles cases showed that 25, or 47 percent, had evidence of infection by the AIDS virus. The AIDS blood test was not developed until last year, so a comparative figure from 1979-82 is not

The researchers found this evidence of infection with the AIDS virus among small groups of individuals affected by various other ● Forty-five of 63 people (71 ercent) who suffered from unex-

 Nine of 13 patients (69 permally change in pregnancy and the cent) with Kaposi's sarcoma. Three of four persons suffering from tuberculosis that had spread

throughout their bodies. · Both of the two patients who had suffered from unexplained chronic diarrhea for more than two months.

• Both of the two persons with unexplained acute weight loss. But only one of 41 patients with leprosy, or less than 2 percent, had evidence of infection with the AIDS virus. These 41 people had been in a leprosy hospital for more than three years. Because they had been isolated from society. Dr. Hira said, he interpreted these findings to mean that the AIDS virus was introduced into Zambia only recently. He also said that the tests could have falsely yielded negative results because of leprosy's immu-

Dr. Hira said that evidence of the AIDS virus was found in about the same proportion of men and

The fact that none of 125 persons tested said they were bisexuals and only two said they had engaged in anal sex supported the thesis that AIDS in Africa is spread through vaginal sex, Dr. Hira said. Seven who had received transfusions could have contracted AIDS through contaminated blood.

Some researchers theorize that the AIDS virus may spread more easily among heterosexuals in Afri-ca who have sores from syphilis and other sexually transmitted discases. According to the theory, breaks in the skin from the sores allow the AIDS virus to enter the body more easily than through intact skin. Dr. Hira said that 51 of the 125 had had sexually transmit-



Brian G. Chambers, left, and Kevin J. Barlow, right, in Kuala Lumpur, where Malaysia's Supreme Court rejected an appeal to commute their death sentences on drug charges.

# Malaysia Upholds Australians' Death Sentence

Agence France-Presse
KUALA LUMPUR, Malaysia — The Malaysian
Supreme Court rejected Wednesday an appeal by two
Australians who were sentenced to death for traffick-

A three-man panel ruled that there was no miscarriage of justice in August when the Penang high court convicted Brian G. Chambers, 28, a building contractor from Sydney, and Kevin J. Barlow, 27, a British-born welder from Perth, on trafficking charges. The two men were arrested at Penang airport in

November 1983 with 179 grams (about 4 ounces) of heroin in a suitcase. Each accused the other of putting the drugs in the bag.

They would be the first Westerners to be hanged under 1983 amendments to the Malaysian Dangerous Drugs Act, which made the death sentence mandatory

for anyone possessing 15 or more grams of heroin or morphine, or 200 or more grams of marijuana or

In Canberra, the Foreign Affairs Department said that Foreign Minister William Hayden would appeal

life imprisonment. In London, relatives of Mr. Barlow were petitioning the British government to seek

"Yes, I think they are out to make an example of me," Mr. Barlow said in answer to journalists' ques-tions after the verdict was delivered. "Isn't that what I was told by everyone these past two years?"

Both men will make a final appeal to the Pardons Board in Penang state, where they were arrested and convicted, their lawyers said.

Thirty-three persons, most of them Malaysians, have been hanged for drug offenses since 1975. Four others, including a French secretary who was convicted before the mandatory death sentence was intro-duced, have had death reduced to life terms. More than 50 others are on death row pending appeals.

The stiff penalties, perhaps the toughest in the world, are aimed at curbing the spreading addiction to heroin and other hard drugs among Malaysia's 16 million residents. The laws assume that people who are caught possessing more than the minim of drugs intend to sell them.

# **Regional Group Defeats** Gandhi's Party in Assam

(Continued from Page 1) time, or who had come from other parts of India, and were thus not

endangered by the accord. In the past, these Moslems also had tended to vote for the Congress (I) Party, but this time they defected out of apparent solidarity with

their co-religionists. The Congress (1) Party, which has ruled the state for 36 of the last 38 years, had thus been caught in the middle of two opposing camps, despite Mr. Gandhi's strenuous ef-

The prime minister campaigned several times in the state, promising to increase economic aid and asserting that only his party could curb ethnic and religious hatreds. He warned against the proliferation of regionally based parties.

By all accounts, he wanted to win the election and was under some pressure from party members to produce a victory. The party did better in several scattered by-elections on Monday around the coun-

At stake in Assam were 126 seats. Early returns showed the Assam People's Front having won 26 seats and leading in about 30 others. The Congress (I) Party had won only 10 seats and was leading in fewer than 20 others.

The Moslem-dominated United Minorities Front won three seats and was leading in about 10 others. Other votes went to the Communist Party, various parties of indigenous tribespeople and the Congress (S) Party, a splinter of Mr. Gandhi's

#### Honda Union Vote In Ohio Is Delayed

New York Times Service

WASHINGTON - The National Labor Relations Board has "indefinitely postponed" a union representation vote scheduled for Thursday at a Honda plant in Ohio aster the United Automobile Workers formally charged the company with an unfair labor practice.

The complaint, filed Dec. 13 in Cleveland, accused Honda of illegally interrogating workers about their attitudes toward unions, allowing anti-union material to be distributed on company time and granting increased holiday and vacation benefits to discourage union

Honda officials at the plant in Marysville, Ohio, have denied the charges. Shige Yoshida, executive vice president of Honda of America, said the union had "violated" the company's "atmosphere of respect by using these manufactured charges to delay a vote."

Fourteen national Parliament seats were also being contested, but these returns were still incomplete Wednesday. The Assam election will not materially affect the Con-

gress party's 80-percent majority of the 527 seats in Parliament. The turnout had been unusually high, reflecting an extraordinary amount of interest in the election - by some accounts, as high as 80 percent of almost 10 million eligi-

ble voters. During the last elections in Assam, in 1983, thousands of people died as anti-immigrant forces staged a boycott and tried to disrupt the balloting. This time, tens of thousands of policemen and paramilitary troopers guarded the

■ Sri Lanka, Tamils Plan Talks Sri Lanka is exploring the possibility of talks in Colombo with the Tamil United Liberation Front, the main Tamil separatist party, informed sources in the capital said Wednesday, according to Agence France-Presse.

The Sri Lanka government sent a message by Indian intermediaries and hopes that the Tamil party's leader, Appapillai Amirthalingam, and other party leaders now in self-exile in Madras, India, will come to Colombo, the sources said.

If the talks were to get off the ground, the People's Liberation Organization of Tamil Eelam, one of the major militant groups, would be likely to join in, the added.

However the Tamil United Liberation Front was reluctant to make any commitment to attend such a meeting, preferring to meet government negotiators in India, ources close to the party said. Authoritative sources here said that the government wanted assurances that the organization would not suddenly withdraw from the talks or abandon them as they did

two years ago. In November, six Tamil separatist groups rejected a draft working paper, formulated by New Delhi, that proposed greater autonomy in

#### 2d Strike at The Guardian

LONDON - The Guardian, one of Britain's 10 national morning newspapers, failed to appear Wednesday for the second time in two weeks because of a wage dispute by production workers.

The Associated Press

WHAT WOULD LIFE BE LIKE

#### plained swollen lymph nodes for more than two months. to Malaysian authorities to commute the sentences to ted infections in the past. Filipinos Begin to Wonder Whether Election Will Be Held

(Continued from Page 1) ll declare the law constitutional." it he sounded less enthusiastic

an before. His associates have also been - reading the suggestion that the ction might not take place. : Teodoro F. Valencia, a newspaor columnist who is close to the sident, said recently of the elec-- n preparations: "If it looks like a ck, quacks like a duck and walks e e a duck, it is probably a horse. -\_ ything but a duck."

The issue under debate before : court is the failure of the presiat to leave office to create the ::\_::ancy demanded by the constitu-

resignation to the National Assembly on Nov. 11 with the stipulation before the fact so that it can not be that the resignation would take effect only upon the assumption of office by the winner of the election. In this way, he managed to re-

main in office and employ the full powers of the presidency during the election campaign. His political opponents immediately branded the maneuver uncon-

stitutional, but they agreed to contest the election anyway. The petitions before the court have been filed by opposition poli-

Mr. Marcos submitted a letter of Philippines. They are said to want the constitutionality issue settled used to annul the results after the

> Ten of court's 13 justices, all of Marcos, must rule against its consututionality for the election to be called off. If they do so, politicians here see various possible scenarios.

One that has been mentioned in the court proceeding is the possibility that an election could be replaced by a national referendum on the continued tenure of Mr. Marticians and groups such as the Phil-ippine National Bar Association versary in office this month. Such a and the Concerned Women of the referendum might be held to coin-

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cide with nationwide local elections said that if the court ruled against set for May. Such a move would eliminate the

direct challenge of Mrs. Aquino. The main issue in her campaign, however, is the removal of Mr. whom have been appointed by Mr. Marcos, and she could continue to campaign against him in a referen-

> Another possibility is that the presidential election would be called off but the vote for the vice president could proceed. This would pit Mr. Marcos's running mate, Arturo M. Tolentino, a former foreign minister, against Salvador H. Laurel, a former senator. A third scenario was suggested by Mr. Marcos last week when he

> > TUNISIA

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MALI

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BENIN

NIGER

CHAD

**GABON** 

CONGO

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DJIBOUTI

ZAIRE

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CENTRAL AFRICAN REPUBLIC

**IVORY COAST** 

**BURKINA FASO** 

**ALGERIA** 

MOROCCO MAURITANIA SENEGAL

the election he would appeal, but if this troubled country. Crushing he lost the appeal the vote would then take place only upon the expiration of his six-year term in 1987.

But at least one opposition politician, Homobono Adaza, is predicting that the president might feel he needs to introduce some Retail Sales in China form of state of emergency to contain the reaction to such a move. Mr. Pelaez predicted in court hat frustration over any calling off of the election could plunge the country into chaos.

And in an editorial Wednesday. an indepen

people's high hopes now might lead to the inevitable slide toward nondemocratic options for change - a bloody civil war or revolution."

BELJING - Retail sales in China this year will rise by 27 percent to about 426.34 billion yuan (\$133.2 billion) from 335.7 billion yuan in 1984.

The agency said the increase is dent newspaper, the in- due to rising incomes and a large quirer, said of the election, "Many increase in the number of retail Filipinos perceive it as the last outlets, many not state-owned.

# Beyond the debt crisis-

the next ten years.

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International Monetary Fund, Washington D.C. LATIN AMERICAN INITIATIVES TO TACKLE THE DEBT PROBLEM Jesús Silva Herzog, Finance Minister, Mexico. Fernão Brocher, Governor, Central Bank, Brazil.

HOW THE INTERNATIONAL FINANCIAL SYSTEM SHOULD ADAPT Michel Camdessus, Governor, Banque de France. Robin Leigh-Pemberton, Governor, Bank of England. HOW MULTINATIONALS HAVE MADE A SUCCESS OF OPERATING IN THE REGION

C.J. van der Klugt, Vice-Chairman, Philips Industries, Endhoven. Peter Wallenberg, First Vice Chairman, Skandinaviska Enskilda Banken, Stockholm. REVIVING INDUSTRIES IN LATIN AMERICA

The Honorable Edward Seaga, M.P., Prime Minister, Jamaica. Francisco Swett, Finance Minister, Ecuador. Arnaldo Musich, Director, Organización Techint, Buenos Aires. Participation from several key speakers.

Chairman: Anthony Sampson, international writer,

Editor of The Sampson Letter. NEW EFFORTS TO STIMULATE TRADE WITH THE AREA Claude Cheysson, European Commissioner, Brussels. Felipe Jaramillo, Chairman of the Contracting Parties

to the GATT, Geneva. THE NEED FOR A LONG-TERM SOLUTION TO THE DEBT PROBLEM AND FOR NEW CREDITS Enrique Iglesias, Foreign Minister, Uruguay

Manuel Ulloa Elias, former Prime Minister, Peru. THE COMMERCIAL BANKS' VIEW OF LATIN AMERICA David Rockefeller, Chairman, International Advisory Committee, The Chase Manhattan Bank, New York. William Rhodes, Chairman, Restructuring Committee, Citibank, New York

Werner Blessing, Member of the Board of Managing Directors, Deutsche Bank, Frankfurt.

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b) Andean Region: Manuel Azpurúa Arreaza, Finance Minister, Venezuela. THE FUTURE: REVIVING GROWTH AND DEVELOPMENT, THE COMMON INTEREST

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### **Sound Without Action**

When President Reagan returned from Geneva last month, we urged that he apply his amplified prestige to reducing his huge budget deficit, which has the singular characteristic of harming America and the rest of the world simultaneously. With strong leadership, significant progress could have been made in the current fiscal year. But all we see in last week's balanced-budget legislation is a framework commitment to eliminate the deficit progressively by 1991, with no hard decisions about the immediate future.

The budget-balancing law can be criticized on many grounds. It leaves the 1986 deficit dangerously high. The forced spending cuts it envisages have to fall equally and arbitrarily on military and on civilian programs, some of which are exempted in advance; this robs the government of the ability to make discretionary spending choices in the light of changing circumstances. There is no reason why a deficit should shrink in regular, linear fashion over a six-year period; an economy moves in cycles, not straight lines. America's elected representatives are saying they cannot trust themselves to use budgetary discretion responsibly. Lastly, the law may prove ineffective for the simple reason that a future Congress can scrap it.

Yet a presidential veto would not have made sense. The Gramm-Rudman formula is flawed, but it seems to be the best that could be achieved for now. At least it binds Congress and the president to make some attack on the deficit before next November's elections. Firm decisions now to cut spending on specific programs, or to raise taxes, or both, would have been better - the medicine that the IMF, with American support, is urging on other debtor countries. Some increase in tax revenues is probably essential. With world oil prices falling, this is an ideal time to raise taxes on gasoline and fuel oil. That might do no more than offset declining market prices, and it could be justified as simply transferring to the federal coffers part of the levy that OPEC has been imposing on the American consumer.

If the law is strictly observed, the budget deficit might fall from 5.5 percent of GNP in fiscal 1985 to 3.5 percent in 1987. That could pull interest rates down, improve American competitiveness, weaken protectionist pressure and give important relief to foreign debtors. But all the required tough action has yet to be devised. Gramm-Rudman is a vague promise to turn over a new leaf. INTERNATIONAL HERALD TRIBUNE

# A South African Scene

The government of South Africa keeps warning that its opponents are Communists in Soviet hire, but it is the regime itself that is Sovietizing South Africa. Its restrictions on the media are among the most conspicuous and objectionable pieces of evidence of this trend.

American audiences could see the policy in action last weekend by watching the television coverage in Mannelodi. A black township outside Pretoria. Mamelodi is not subject to the emergency-rule news curbs that the government imposed last October to keep the outside world from observing popular unrest and official repression. Nonetheless, pistol-wielding police halted television coverage of the funeral of some blacks who had died in an earlier protest. In response, people in the crowd stoned the police, and in the ensuing gunfire a sound man was shot in the leg. "We cannot let anything bad about South Africa get out anymore," an officer explained.

It is evidently not enough for the South Africans to try to censor the news by law and

edict; they are doing it by harassment and outright intimidation as well. But Pretoria's effort to fence itself off from Western inspection can only isolate it further from Western understanding. By its restrictions, the apartheid government increasingly makes itself over in the Soviet image. Far from sparing itself the effects of bad publicity, it feeds apprehensions that behind a veil of censorship it is practicing a policy too terrible to withstand the light of day. Already low, the country's credibility is bound to sink even lower if there is not an

adequate supply of independent witnesses.

What occurred at Mamelodi reflects an ugly pattern in South Africa. A funeral for victims of the country's basic injustice was being held peacefully. Police tried to cut off the formally permitted media coverage. A disturbance erupted. The government, to justify censor-ship, keeps insisting that the media provoke trouble, but here it was plain that the police

were the provocateurs. It was thuggery.

— THE WASHINGTON POST.

# A New Budget Game

The House and Senate have been sparring all year over the defense budget. In that sense the House was following form Tuesday night in rejecting, partly for its defense provisions, the proposed continuing resolution to fund for the rest of the fiscal year the agencies whose regular appropriations bills have not been passed. But this vote counts more. The reason is a multiplier effect in the new Gramm-Rudman budget process. Gramm-Rudman has created a new game for everyone to learn, a game called "baselines." The process sets out declinis deficit targets for the next five years and provides for automatic spending cuts, half from defense and half from domestic programs, if in any year the president and Congress fail to hit their target. The question is: automatic cuts from what levels? The higher you lift your starting point or baseline in any year, the less your program has to fear from Gramm-Rudman and the stronger your position will be in a scramble to produce a budget by orthodox means as the deadline for automatic cuts approaches. Gramm-Rudman is to inflict its first cuts next spring. The starting point will be the continuing resolution.

In its appropriations bill the House voted to hold the Pentagon to \$292 billion in spending

authority this fiscal year, the same as last year, without allowance for inflation - and it did not exactly vote to appropriate even that. It found more than \$6 billion in unused spending authority from prior years and told the services to use it this year. The Senate has called for \$302 billion in spending authority, enough of an increase to cover the expected inflation rate and the amount contained in the congressional budget resolution, which the administration has now embraced.

The conferees on the continuing resolution greed to give the Pentagon \$299 billion in spending authority and voted to make this authority all new. That way the Pentagon would have all its old appropriations in reserve for Gramm-Rudman. After Tuesday's rejec-

tion, the matter now goes back to conference.

By the standards of the first Reagan term, the Pentagon loses even if it wins. Spending will continue to rise this fiscal year as a result of past appropriations, but new appropriations - the feedstock for future spending for the first time in the Reagan administration will apparently not rise perceptibly, and under Gramm-Rudman could even fall. The defense side of the budget has hit an uncertain plateau.

- THE WASHINGTON POST.

## Other Opinion

#### Hidden Riches, Hidden Woes

The most popular film in the Philippines is "Hidden Riches," a documentary on the villas, apartment bouses, supermarkets and hotels in the United States owned by President Marcos, his wife Imelda and their friends. In the countryside church workers feed the hungry at soup kitchens and then show the movie.

Mr. Marcos has not traveled around his nation for years. The government and many diplomats have no idea about conditions in the

provinces. Human rights violations are more videspread now than in the martial law era (1972-81). When one person in a family is

sassinated, survivors join the Communists. There is no doubt that the Marcos era is coming to a close. The process could be stopped only by government reforms from within. But President Marcos has hardly any choice. True reform would amount to sawing off the limb on which he sits.

Erhard Haubold (Neue Zürcher Zeitung, Zurich), quoted in World Press Review.

#### FROM OUR DEC. 19 PAGES, 75 AND 50 YEARS AGO

1910: Strong Naval Fleets Win Wars PARIS - The Washington Post says: "We could have forts at every seaport, but should Congress fail to provide for an adequate fleet in each ocean, an active force could still land between the forts. Once ashore it would be a serious matter to dislodge it. With a fleet in each ocean we could prevent it from blockading or landing and would be saved a war." [The Herald comments:] "The teachings of history corroborate the statement of our judicious contemporary. The Washington Post. In the war with Spain, an army of 165,000 Spaniards in Cuba had to surrender to an American force of some 15,000 because the American navy controlled the sea. In the Transvaal war, if the Boers had been ten times as numerous as they were, they must finally have succumbed, be-cause Great Britain had command of the sea."

1935: Plan to Partition Ethiopia Fails PARIS — The Hoare-Laval plan [to cede more than half of Ethiopia to Italy] was pushed nearer the brink of its grave at Geneva by Anthony Eden; British Minister for League of Nations Affairs, who made it plain that England was no longer interested in the proposal which brought the downfall of Sir Samuel Hoare, Foreign Secretary, who resigned [on Dec. 18] in the face of bitter public opinion and a divided Cabinet. France's Prime Minister Pierre Laval has now resigned the plan's fate to the Council of the League, where there is no doubt as to the outcome. Meanwhile, Prime Minister Stanley Baldwin, with Sir Samuel out of the Cabinet, will ask for a vote of confidence from the House of Commons on a "full League policy" from which he swerved to approve the ill-fated plan.

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# Watch the Sky Above the Syrian Border

WASHINGTON — The alarm bells are ringing again in the Middle East. Since late last mouth Syria has deployed a number of Soviet surface-to-air missiles on sites from which they could be launched against Israeli air force reconnaissance flights over Lebanon.

The Israelis claim that the deployments are a "dangerous change" in the status quo, and they have told the Syrian government so through the United States. The Syrians are sitting tight, apparently determined that they are not about to be ordered around by Israel. There is stubbornness

and arrogance on both sides.

The danger lies in the possibility that SAMs will be launched the next time Israeli aircraft sweep along the frontier on one of their recon-naissance missions. If the missiles hit, as they are likely to do, the Israelis will retaliate, probably with air attacks on the missile sites.

the Arab-Israeli conflict that has torn the Middle East apart four times since the founding of the state of Israel. The tentative U.S.-supported movements toward a peace settlement will be

There is then a real possibility of a renewal of

tossed on history's ash heap.

The tendency in U.S. military circles is to believe that Israel would have little difficulty defeating Syria. This seems an exaggeration. Israel can whip Syria and, as long as Iraq is at war with Iran, any combination of Arab states. But it will not be easy, and the cost will be high. By Drew Middleton

The Syrians learned much from their defeat in the 1973 war and from their futile encounters with the Israeli army and air force during Israel's invasion of Lebanon in 1982. The primary lesson was that they could not hope to defeat Israel until the technological level of their forces approximated that of Israel.

That level has risen steadily. The missiles to which Israeli scouting aircraft are now exposed are Russian-built SAM-2s, SAM-6s and SAM-8s. The SAM-6 has a range of about 35 miles (56 kilometers) and is employed against aircraft at high altitudes. The SAM-8 is designed to take on low-flying attackers. The SAM-2 is the largest of the three, with a range of up to 35 miles.

All the evidence reaching Western intelligen

sources is that these weapons are now manned entirely by Syrians instead of the Soviet technicians who serviced them when they first arrived. There are also strong indications that the Syrian command, control and communications sys-tem, which failed lamentably in 1973 and 1982, has been revised and strengthened. The level of technical expertise in the air force, which now deploys about 500 combat aircraft, has also risen. Much of the improvement in the air force and the army, according to an Israeli colonel, is due to "several thousand Soviet military advisers

who are in practice responsible for preparing the Syrian army for war against Israel."

Syria's Defense Ministry did not rely entirely on the Russians, although they were vital in teaching Syrians how to use new tanks, aircraft and mission. Technical tensions was amanded. and missiles. Technical training was expanded throughout the armed forces. Inducements were offered to experienced technicians to stay in uniform after their 30 months' service. The forces that would face Israel in any new conflict would be far more efficient and modern than those defeated in the last two encounters.

The Israeli air force, which has dominated the skies in the last four wars, probably would suffer heavier losses from more modern Syrian fighters and missiles, aithough it would prevail in the end. Israeli air force operations are at the heart of the growing crisis. Every week the air force flies several reconnaissance missions over Lebanon. The Israelis say that the Lebanese government in Beirut cannot control the anti-Israel guerrilla groups in that country. But of course the Israeli

aircraft do not confine their scrutiny to Lebanon. The planes, usually flying close to the Leba-non-Syria border, photograph military targets in Syria as well. The Syrians know this and are angered. Hence the movement of their missiles and the mounting tension. The next Israeli re-connaissance flight will be a critical event in the history of the Middle East.

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# **Gimmickry That Serves** A Purpose

By Hobart Rowen

WASHINGTON—Now that the W budget-balancing gimmickry has been enacted into law, the Democratic Party must assess its responsi-bility for getting it through Congress. Twenty-two Senate Democrats voted for the infamous bill, exactly

equal to the 22 who had the guts to call it a fakery. In the House, almost as many Democrats voted for it as against — 118 to 130. These Gramm-Rudman Democrats will have to live with their vote to dismember the old coalition of the left, labor, liberals and inner city interests.

To be sure, some House Demo-crats succeeded in amending the orig-inal Senate bill to exclude from its automatic budget-cutting eight programs, including Medicaid and food stamps, that serve low-income families and disabled veterans. And a few Democratic senators —including Pat Moynihan of New York and Gary Hart of Colorado — blumty told their colleagues that Gramm-Rud-man was bad medicine and a shirking

But as a party the Democrats, in their new reliance on the political payoff of "fiscal integrity," were afraid to try to kill Gramm-Rudman. Meanwhile, President Reagan's willingness to accept Gramm-Rud-

man as his own lends credence to the charge made by Senator Moymhan some weeks ago that from the outset the president and his first budget director, David Stockman, planned the big tax cuts of 1981, along with the boost in military spending, for the precise purpose of creating the deficit that would then allow the final assault on social programs. Senator David Durenberger, a Republican, re-fers to this as "denationalizing the financing of the public service."

No one has yet explained why a balanced budget should be a national goal. The goal should be to balance the economy, which should be both compassionate and competitive. Representative Phil Gramm, the

genius behind the revolution that takes budget decision-making out of the hands of congressmen, is candid about his goal: "The whole genius of the American political system is imposing limits on the power of govern-

PARIS — Today's debates on

domestic as well as foreign pol-icies in the West tend to be instru-

mental ones, about how best to do

self-evidently desirable things. Ev-

eryone is in favor of arms reduc-

tions, better East-West relations, a

stable international economy and

reduced unemployment, inflation

and debt. The question is how to do it. The values of society itself, the

great social choices that have been

It is fairly recent that this has been so. The Communist parties of Italy, Spain and France, the most

important radical challengers of es-tablished Western values in recent

intensity. They evoked commit-ments resembling that of religion. They were photographer's nega-tives, so to speak, of the institution-

alized and atrophied Latin Catholi-

cism of the late 19th and early 20th

centuries. They, too, preached the

Tendency, the left-wing faction inside the modern British Labor Par-

ty, resembles nothing so much as an

English tradition of religious dis-

sent. The theologically desiccated Anglican Church itself has increas-

ingly taken up the causes of secular

reform, a phenomenon also evident in the Catholic Church.

The more weakened or absent

religion is in a society, the more people look for secular substitutes,

attributing to movements of mate-

rial reform the power to transform

human relationships. People think

that a crusading movement of the

left or new right, or a revolutionary cause, will be able to solve not

merely social distress but individual

human grief and mystery as well.

evangelical and revivalist sect in the

message of another world. It is no coincidence that Militant

It is impossible for nations to live without a

cars, once possessed church-like by welfare programs and redistrib-

conviction of moral direction in national life.

made, are mostly uncontested.



ment. I think the American people want to control the growth and size and the expense of the government." Mr. Gramm has brushed aside discussion of one basic weakness of his scheme; its inadequate provisions for dealing with recession. Since Herbert Hoover turned a recession into a depression by trying to cut government spending as an antidote to bad times, no national administration of either party has repeated that mistake. But Gramm-Rudman will require budget cuts even if the economy is limping along, say, at just a 2-percent real growth rate. In such a case, it would

Resources Incorporated, unless the Federal Reserve loosens the money supply considerably, the fiscal drag of deep, sudden budget reductions under Gramm-Rudman will push the unemployment rate sharply higher, to over 9 percent in 1987 before it retreats to around current levels.

Mr. Gramm serves notice that he will be back next year trying to get the eight exempted low-income and veterans' programs under his budgetcutting knife. He is on the way to success in achieving his pet goal —

unless the courts declare the whole business unconstitutional or a new Congress comes to its senses.

The folly of the whole exercise of

budget-balancing via a blind formula is matched only by the deception symbolized in 1981 by the Laffer supply-side curve that was supposed to yield greater tax revenues and ample national savings out of lower tax rates. What supply-side economics produced was the giant deficit that curbed the flow of savings, sapped the Democratic Party's resolve and now gives us Gramm-Rudman.

# This Budget-Balancing Medicine Is Poison

WASHINGTON — Supporters of the so-called Gramm-Rudman amendment claim that it merely forces Congress to "do its job right. They say that if Congress does its job — if Congress meets the mandatory deficit-reduction targets — the president will not need to intervene to impose across-the-board cuts.

But Congress did its job this year. It produced a budget that would have cut \$55 billion from the deficit. And President Reagan walked away. He rejected a Republican-sponsored proposal to reform Social Security and impose an oil-import fee.

Under Gramm-Rudman, budgets will not just be strong medicine, but hemlock. In 1988, with a budget in

A Grayness in the West at Year's End

By William Pfaff

The crusades today, though, are on the margins of society. Europe-

an communism is a spent force. Radical movements are largely dis-

regarded, which explains why some

resort to bombs to make their argu-

ment. The old causes are won -

Economic justice was the single greatest moral issue behind the po-litical dissent of late 19th and earli-

er 20th century Europe and North

America. By now the struggle over wealth's distribution has been tem-

pered in the Western democracies

utive tax policies, at the same time

that the ideals of communism have

been fatally compromised by the

modern Soviet realities of famine,

labor camps, secret police and intel-

lectual obscurantism.

Democratic socialism, in West-

ern Europe, has run aground in the

shoals of moderation. It finds itself

with nothing dramatically different

to propose from what is already

favored by the parties of the demo-

cratic right. The Socialist Party in

France came to power in 1981

promising to change people's lives. It could not do so, and now it spins

out its final weeks of power in the

shadow of the Greenpeace scandal,

making shamefaced electoral and

business deals to perpetuate its in-fluence beyond the party's expected

defeat in the elections next March.

ty shell in Spain as well as in France. In Italy the party has be-

come an unconvincing imitation of

A comparable loss of moral dy-

namism is developing in the United States, where President Reagan

democratic socialism.

The Communist Party is an emp-

which, of course, is a good thing.

By Senator Gary Hart The writer is a Democrat from Colorado.

excess of \$1.2 trillion and an available pool of \$500 billion from which to cut, the amendment calls on Congress to cut \$35 billion - if the economy is healthy. What happens if we have a recession in 1987? Required budget cuts in 1988 could then amount to \$164 billion, meaning a 30-percent cut in nuclear-plant in spections, in salaries for the armed forces, in funds for law enforcement, in student loans, and so on.

The effect on national defense is particularly severe. The Congressional Budget Office estimates that to

cal wave of opinion that demanded not only military strength for the country, national pride, but moral

elevation, national virtue. The Rea-

gan program of individualism and economic liberalism has in practice

produced an orgy of materialism

and fraud; companies looted for executive gain or wrecked for the

sake of fiscal manipulation; family

farms rained; high officials indicted for economic crimes. The Demo-cratic opposition, which had its

moral confidence broken by Viet-

nam and the Iran hostage crisis, still searches for a deus ex machina

of Edward Kennedy.
It is a bad time when Britain's

Trotskyites, wild men as they may

be, seem the only ones truly deter-

mined to change their static, class-crippled, society — the only ones except Margaret Thatcher, who has had her chance, and, like Mr. Rea-

gan, has seen her principles mocked

by financial swindlers in the heart of the conservative establishment

The Greens are the ones in West

Germany who care deeply — about the wrong things, perhaps, but in stark contrast to the moral grayness

of a society which, its virtues con-

ceded, remains grotesquely compla-

We approach the end of 1985

with an ideological flatness in the West, great experiments exhausted, dissent marginalized, debate dead-ened. The moralization of politics

has done great harm in modern

history, producing movements

closed to compromise or reason;

but at the same time it is impossible

for nations to live without a convic-

tion of moral direction, of generos-

ity and purpose in national life. "When there is no vision, the peo-

ple perish," the prophet warns. Well, one hopes that it does not

come to that. Nonetheless, in to-

day's moral climate the warning

justifies a thought or two.

0 1985 William Pfaff.

cent about those virtues.

- even in the compromised guise

cut one dollar in defense s government would need to cut at least two dollars in Pentagon programs. Because of the unique nature of defense contracting, one senator -has estimated that Gramm-Rudman could result in a 25-percent reduction in total defense spending. Worse, the Reagan administration has already declared its intention to protect nuclear weapons from reductions. That leaves conventional fighting (orces and readiness in real jeopardy.

The havoc of Gramm-Rudman will not be limited to the Defense Department. It prevents Congress from establishing and meeting budget priorities such as education, training, industrial modernization and other investments in the future. The purpose of the budget should be to strengthen the economy and defense. Gramm-Rudman may well result in the death of the very programs that enhance competitive capabilities. The president and Congress have now established a scheme that will

lead to a new form of garnesman within the federal government. We will see artificially high budgets de-signed to embarrass the president into exercising the veto or to apply across-the-board cuts. Some programs may receive inflated budget allocations so that the originally desired level can be obtained despite a percentage reduction.

But if the goal is a competitive economy and investments in our fu-

ture, then all budget cuts are not equal. This sham of a budget plan proposes to cut equal parts from fat and lean, from special interest and national interest, from competitive minds and protected constituencies. Gramm-Rudman arose in the absence of a viable Democratic alternative, but it has taught many Demo-crats a lasting lesson. Those outside the party should not count on the disarray of this year to last into the next. The Republican Party may control the rules and the process, but if Gramm-Rudman is their vision they will not control the future.

Los Angeles Times

the agenda put forward by Secretary of State George Shultz, Commence Secretary Malcolm Baldrige, Agricul-ture Secretary John Block and Trade Representative Clayton Yeutter was an idea (hatched in Washington) (c cooperation between Americans and Europeans on development aid pro-jects in the Third World. The sad case of the U.S. proposalthat-never-was affords some interesting insights into the political pitfalls that surround the whole subject of aid. The straightforward aim was to

Can Donors

Get the Act

Together?\*

By Giles Merritt

BRUSSELS — When four Reagan heavyweights turned up in Brus. sels this month for talks with the EC

Commission, there was something

they forgot to mention. Missing from

stop U.S. and EC donors of ap-proaching \$30 billion a year in devel-opment aid from tripping over one another. Unfortunately, the proposal touches raw nerves on both sides of the Atlantic, and for that reason risks being buried by the bureaucrass. A new framework of six-monthly coordination meetings, say U.S. experts, could help disentangle the aid muddle created by competing nation-

ai and international agencies. At leas it could head off overlaps. The fan-ine that has drawn world attention to Africa's plight has also underlined the chaotic mess that the many separate relief efforts are creating. A few months ago, when the rains finally came to Sudan, they washed away vital railway installations. Three teams of engineers were rushed in quite independently by the United States, Britain and the Netherlands for a job that needed but one. They

discovered each others' existence only when they met on site. The proliferation of fact-finding and other missions from aid donors is overstretching many Third World governments' administrative re-

sources. Botswana moved to halt them altogether after receiving 175 non-essential missions in a single year. One of the poorest West Africa can states, Burkina Faso, has found itself swamped by more than 300 such missions in a year. There is, too, a pressing need to make the rich countries' aid go fur-

ther. The OECD's Development Assistance Committee says that by 1990 aid spending will have risen only \$5 billion to \$35 billion a year because aid budgets are being increased by 2 percent a year as against a previous average of 4 percent. The slowdown coincides with a deterioration in the position of many Third World coun-

bishon is many find wond con-tries, particularly in Africa.

By the year 2000, reckons the U.S.

Agency for International Develop-ment, the population of the 46 coun-tries of sub-Saharan Africa will have doubled in 20 years to 680 million. Of the present 400 million people there, something like 180 million in 34 or the countries suffer from such fundamental shortages as a growing scarci-ty of firewood. Meanwhile, only about 10 percent of the African work cient agriculture remains the key to survival, and development aid rather than emergency food aid is needed to bring about the "green revolution" that will enable Africa to feed itself.

U.S. support for some sort of aid coordination mechanism reflects Washington's realization that its involvement in Africa is doomed to increase. Until lately the United States had managed to keep fairly clear of Africa and had left aid policy largely in the hands of the post-colonial European powers. But this year's big famine relief effort is already bringing a major new American in-volvement in development aid.

Why was the idea for regular U.S.-EC contacts on Third World development policy not raised in Brussels on Dec. 13? Closer coordination has been urged this year by people at the top of the World Bank, UNCTAD and the OECD, but the pressures against setting up even an informal communications mechanism prevail.

On the American side, officialdom fears that a U.S.- EC forum on aid could somehow affect the simmering trans-Atlantic farm trade dispute over the subsidized cereals exports that both sides are threatening to unload onto the world market. In Europe there is a view that U.S. development aid is much more politicized than the Community's, and there are suspicions that Washington might one day wish to use an aid policy forum for superpower politics.

The Community has some practical doubts as well, having yet to achieve genuinely close coordination between the national aid schemes of its member states. In recent years it has also tried to concert some of its African development aid projects with those of Japan, but it dropped

the scheme as unworkable. Despite these various objections, most people would probably conclude that the countries that provide about 90 percent of all Third World development assistance should get together to streamline their efforts. International Herald Tribune.

LETTER TO THE EDITOR

#### People and the Deserts

In response to the comment by Farouk El-Baz on deserts (Dec. 3 and 4), it needs to be emphasized that there is a difference between ancient geological deserts, shaped by climate and geology, and those partly caused by man in more recent times through inadequate or excessive use of natural resources. Drought reinforces this latter process, but desertification

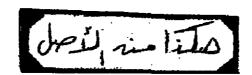
continues even without drought.

People cannot be blamed for seeking food, energy and income, but those quests are the main causes of descrification. Several agricultural sectors have yet to receive an ade-quate package of technologies.

Much can be learned studying nomads and farmers in desert conditions. The key notions are diversity and flexibility of responses, and mo-bility of population. An integrated approach is needed in agricultural plans. Economic development should be coordinated with conservation measures of descrinication control.

The need to learn to live with desert and drought was emphasized in a 1982 report by the Economic Commission for Africa. The selection of drought-resistant plant varieties should be continued. Water policy should be diversified. Planning is needed for food production and reserves. An energy policy needs to be introduced. And an international center should link all the parameters of the desertification problem.

GEORGES NOVIKOFF.



# th BM-Europe and Cassani: **II Systems** ire on Line

By Joseph Fitchett International Herald Tribune PARIS — As one of Europe's est profitable corporations and te of its biggest taxpayers, IBM-trope might feel entitled to ask a estion of political and business ders: Why can't Common Marcompanies act more like IBM? ny can'i they too emphasize maring and organize production on timope-wide basis?

In fact, some European compa s are starting to do just that. 14 true European company aould operate in a very similar by to the European subsidiaries major U.S. corporations," says bb Wilmot, until recently head ICL, Britain's major competitor IBM. "The key difference would that the major wealth creation shareholders and management d the strategic decision-making

d source of technology would iy in Europe."
Adds David Cooksey, a venture pitalist whose Advent company based in London: "If you don't ant in several countries at once, en don't achieve critical mass, you on't survive counterattacks by big S. and Japanese competitors. SIBM's profitability in Europe surketing power seldom matched its competitors. "We treat Weston Enrope as one entity, so we get onomies of scale," explains aspar V. Cassani, the chairman of M-Europe. "Our plant in Montllier, France, makes all of our

rge computers for Europe, our ant in Greenock, Scotland, akes all the personal computers." A full explanation of this apcoach comes from Jacques Maimronge, Mr. Cassani's predecesin a recent French book, Asnager International." In 1958, inen the fledgling Common Mart began to reduce tariff barriers mong European countries, IBM - : di eight factories in the six origiin member nations — France est Germany, Italy, Belgium, the : ost of the factories were making

ane of them were notably profit-The solution was to assign each 

e full range of IBM products and

Discussions were difficult bewin use factory and government offiis in each country wanted their ...... M plant to make the most profitde products, but we succeeded in posing a reorganization because 🚅 had a European management."

. .: book relates. Lis a clear how-to lesson about maring in the Common Market, it's harder to make Siemens, nlips and Bull work together than M subsidiaries," it says.

Functionalism has long characized IBM-Europe. At the skyraper outpost of La Défense, n's office are all International siness Machines publications. s deak is bare except for his apintment calendar and a wooden tital calculator, invented in the th century by the French philos-

This spareness is part of his style. scribing his joint-venture poli-s, in which Mr. Cassani says M is looking for obvious matchwith strong partners, he says: ly people have to explain on a gle sheet of paper why it's a pd idea. Otherwise I won't do it." Mr. Cassani, 58, is known to govment officials and corporate ex-ntives throughout Western Eu-pe as "Kap." A nickname pears to ease his mission of consting people that IBM is a good ropean citizen

NITED NATIONS, New

k — The UN Security Council

mimously adopted an unprece-ued resolution on Wednesday

idenning terrorist abductions calling for the release of all

o preserve the show of solidari-

there was no public debate on

resolution, which stemmed



Kaspar V. Cassani

He has a bifocal view of industrial Europe, seeing it partly through U.S. eyes as an IBM senior vice president who frequently visits corporate headquarters in Armonk, New York, and partly as a Swissborn executive widely recognized for his sensitivity to Europe's cor-porate practices and problems.

"The big debate on multinationals is over" in Europe, he insists. "In the mid-1970s, when a big, innovative multinational was suc-cessful, it was the devil. We don't hear that any more."

An aide adds: "Nobody kids themselves any longer that they

might be able to re-create their world without IBM."

The world of IBM-Europe comprises 83 countries, including many in the Middle East and Africa, but its lucrative markets are concentrated in Western Europe. The re-cession has not dented IBM-Europe's profits; nearly \$2 billion last year of IBM's total, \$6.58 billion, up from \$5.5 billion in 1983.

IBM employs more than 90,000 Europeans in 13 plants and 6 research centers in the EC and last year it bought nearly \$2 billion worth of products from 37,000 European subcontractors. IBM is also one of the largest European tax-payers with a total bill of \$1.2 bilhon last year in the EC.

Mr. Cassani's confidence that Europe accepts IBM is rooted in a conviction that "the syndrome of defeatism in Europe is gone."

In the last two years, many European electronics firms, whose sales were aided by a strong dollar, have invested heavily in computer-integrated manufacturing facilities for

microchips, he points out. To make modern micro-elec-tronics, Mr. Cassani continues, companies must rely increasingly on electronic tools. Computer-aided design not only saves millions of hours in planning products but also simplifies manufacturing: When IBM used computers to redesign an electric typewriter, it reduced the number of parts by two thirds and cut assembly time from a half day

IBM's commercial success, both Mr. Maisonrouge and Mr. Cassani stress, is chiefly due to an emphasis

on marketing. Generally in Europe, says a management expert at Battelle Institute, a Geneva-based consultancy group, "marketing and research departments tend to be kept apart, whereas in IBM and other U.S. play, making them more product-

Like virtually everybody else in the top IBM echelons, Mr. Cassani - who has spent his entire career, 34 years, with the company came up through sales and market-

He expresses surprise that Europeans are not more enthusiastic about the potential of their computer industry. "The data-processing industry in Europe is growing strongly, 20 percent last year, its highest rate since 1976," he says. "The trend continued this year."

The prospect of an electronics revolution ignites Mr. Cassani's normally cautious tone. "We're going into the information economy, he insists, "as certain as amen in

ecurity Council Condemns Hijacking

Egypt, off whose coast the hi-

jacking drama took place, joined in

At the insistence of India and

n a U.S. initiative prompted by hijacking of the Italian cruise changes were made in the text privately for weeks on the wording Achille Lauro in October. The

other Third World members of the

elderly American passenger.

and Trinidad and Tobago.

of IBM and the denationalized powered any competition, the Brit-ish government vetoed the deal. Despite the setback, IBM has not given up its ambition of going be-yond selling such hardware as personal computers. Businessmen see IBM positioning itself to play a major role in helping develop Europe's emerging computer-based communications systems.

In Asia too, both U.S. corporations are increasingly active. IBM plans a VAN with Nippon Telegraph & Telephone, Japan's former telephone monopoly, which became a private company this year. AT&T has already teamed up in Japan with Ricon to make small phone networks and belongs to a joint venture, involving 16 Japaprovide telecommunications services. AT&T also has two joint ven-tures in South Korea with Lucky Gold Star, one to make fiber-optic cables, the other to make semicon

This strategy of alliances is a departure for IBM and AT&T, both of them longtime corporate

but made coincidentally in 1982 to break up AT&T's phone monopoly and drop antitrust action against IBM. The court decisions accelerated the companies' movement into each other's business.

Traditionally, IBM built ma-chines, AT&T carried messages. Today, both computers and telephones operate with the same parts: microchips and software programs of instructions. So AT&T now sells computers and IBM mar-kets communications networks to

#### 7 Prison Guards Held in Oklahoma As Convicts Riot

McALESTER, Oklahoma Heavily armed police surrounded Oklahoma's maximum security prison Wednesday after seven guards were taken hostage by more than 70 immates who noted Tues-

and negotiators were trying to secure the release of the others. All three were hospitalized in

stable condition, a spokesman for the Oklahoma State Penitentiary said. In 1973, three guards were killed in a riot at the prison, located 100 miles (160 kilometers) east of

The prisoners took control of two wings of the building and com-municated their demands for better conditions by telephoning a local radio station and asking that four reporters be allowed in for a news

co-sponsoring the resolution, along ing and abduction" and "calls for

with the United States, Britain, the immediate safe release of all

France, Australia, Denmark, Peru hostages and abducted persons

# Battle of the U.S. Titans' Hastens Technological Revolution

(Configured from Page 1) Only AT&T and IBM are big tions activities of the state-owned enough to provide customers with conglomerate Istituto Recostru- huge, often global, networks feeding off computer power. But the In West Germany, IBM is work- costs of inventing, developing and manufacturing these products will

ing with the state-run Bundespost to develop a videotex system pro- be so high that companies require viding information on home televi- global sales to recoup their investsion screens. In Britain, however, IBM was foiled in an agreement Europe cannot escape the shock with British Telecom on a value-added network, or VAN, that would have provided computerbased services nationwide by

Charging that this combination

TBM has chosen the smart way in, through VANs, and avoided trying to crash into the market for public network switching, which would bring them head to head with the PTTs," Mr. Darmon says, referring to the public phone networks generally run by state-owned

The change was triggered by U.S. court decisions — unrelated,

accompany its computers.

Three other guards, stabbed and beaten in the protest over over-crowding and food, were released,

Oklahoma City.

The resolution "condemns un

equivocally all acts of hostage-tak-

wherever and by whomever they

Western sources said U.S. and

Authorities were reluctant to allow the meeting, fearing the report-ers might also be taken captive. views with businessmen, analysts and political leaders.

"Once they started merging phones and computers, everybody else had to follow," Thomson's Mr.

Darmon says.

Maria Bellisario, the head of of IBM and the denationalized Italiel, a phone-making subsidiary phone company would have over- of Italy's Ster, concurs. When they moved, we had to," she says simply. She acknowledged at a conference in London this month that her company's survival depended on

developing stronger international ties in the next five years. This need for a broader base is true even for the titans. AT&T, gent. whose renowned research estabishment, Bell Labs, made possible the modern computer by inventing the transistor in 1947, and IBM, the world's most profitable company with \$6.58 billion in earnings last year, need help in developing the new telecommunications technol-

of mega-alliances," says a U.S. spe-cialist at the Organization for Economic Cooperation and Development, which groups the leading non-Communist industrial powers. The political dimension is that they need the European ventures to get a foothold in what is still largely ent filw bos befortmon-men main a highly political business in the Common Market."

So far, "the battle of the titans" has not been fully understood, ac- cations manufacturer behind cording to numerous recent inter- AT&T's Western Electric.

Many Europeans still do not comprehend the fierceness and implications of the battle and the fact that Europe is caught in the cross-fire," Robb Wilmot, until recently head of Britain's ICL, told fellow electronics executives and govern-

ment officials at a conference in rossels last month. They were reviewing Esprit, a rear-old research program to help European companies and research astitutions cooperate to close the technology gap with the United States and Japan in computers and telecommunications. The program

Commission, the executive secretariat of the European Community. Business leaders at the meeting insisted that improved research cooperation was not enough, that Eu-ropean industrial changes were ur-

is sponsored by the European

Already, a wave of takeover bids is starting to change Europe's high-tech landscape.

tech landscape.
In Britain, General Electric Co.
wants to absorb Plessey to form an munications sales. Each company has also been talking with Sweden's Ericsson. Italy's two strongest tele-Italtel and Telettra, have just

merged the telecommunications work of two big, state-owned electronics companies into Thomson-Alcatel, under CGE. Even West Germany's electronics giant, Siemens, is talking about industrial cooperation with GTE Corp., the second-largest U.S. telecon

European Silicon Structures, referred to as ES2 and co-founded by Mr. Wilmot to make custom micro-

chips, the basis for all computer reasoning. ES2 has tried to avoid having a national identity by ling its activities and ownership through major European

company must have a Europe-wide approach from its start, says Jean Luc Grand-Clement, chief executive officer of ES2, "Otherwise if the market for your product opens up, U.S. and Japanese competitors will move in and wipe you out."

What also worries Europeanminded industrialists is that deregulatory pressures to open up markets to international competition, coming mainly from the United States, will affect European markets before European companies are ready to compete.

"This pressure on already fragile national suppliers is just the strategic gap our competitors have been waiting for," Mr. Wilmot feets. "Why cise do we have U.S. and Japanese computer, communica-tions and semiconductor facilities under construction all across Eu-

The Europe-wide approach seems too slow to some established companies. Faced with the offensive of IBM and AT&T, some corporations have decided, like Philips and Olivetti, that they must join

"We had fallen far behind the United States and Japan in technology development," Philips's chairman, Wisse Dekker, acknowledges. "Any dogmatism about

A more original European re-sponse is a new company known as cial relationships."

Philips, like Olivetti, chose to cooperate with AT&T, partly because their technologies dovetail and partly because, in the words of an ndustry analyst, "AT&T has never been in Europe, so Europeans don't know it and it doesn't fright-

en them as much." The same cannot be said for IBM, which has been in Europe since before World War II and whose power intimidates Europeans. Indeed, says Kaspar V. Cassani, chairman of IBM-Europe, "Our joint ventures in the United States and Japan are much bigger than the ones in Europe, but they do not trigger European-style debates about their impact on the

future of the society." Mr. Cassani says nevertheless that he expects IBM to double its European telecommunications ess during the next live years.

AT&T is developing its approach more slowly, in part be-cause it is sometimes handicapped by its lack of foreign experience. (Industry folklore says that most members of the AT&T team that flew to Turin to work out the de-tails with Olivetti had never been to rrope before, not even on vaca-

AT&T's management, mainly ngineers, also has little of the marketing experience acquired by IBM's managers, most of whom came up the executive ladder

But AT&T's staying power makes it a formidable rival Already AT&T has become the rallying point for European electronics anies' attempts to band toedges. "Any dogmatism about gether on common technical stan- (Next: The movie business goes glob-keeping it European' is rapidly dis-dards for their equipment, making al.)

their computers and software inter-changeable but incompatible with

AT&T executives stress that they operate with widely compatible computer languages and equipment, based on an emerging technical system developed under the auspices of the Geneva-based international Standards Organization and called Open Systems Interconnection, or OSI.

European manufacturers feel OSI will provide some competitive protection against IBM equipment, which operates only with IBM's system, known as Systems Network

The degree of compatibility between systems using these two standards is a main issue in international negotiations over technical ifications for phone systems of the future,

Mr. Cassani says that IBM has helped develop OSI and is committed to compatibility with it, but so far the company has not aban-

doned its own system. Whatever the outcome of "the battle of the titans," Europeans are stay on the sidelines. Some Europeans regard the U.S. companies' ambitions as a challenge to the independence of Europe but others see an opportunity their companies

As a Philips executive puts it rhetorically: "Would you rather I imported U.S. technology so European companies can take part in a just wait to fall fatally behind in a technological and industrial revo-

# **GERMAN QUALITY WINES**

# The world's lightest wines from Moselle and Rhine

German wines continue to grow in popularity. In just the last decade German wine exports have quadrupled. Approximately 400 million bottles - around one third of the German harvest find their way to connoisseurs throughout the world.

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President Jefferson and Queen Victoria were neither the first nor the last famous people to enjoy from Rhine and Moselle wines. They discovered more than a hundred years ago that German wines are exceptionally fresh and fruity. And above all - light and refreshing.

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Wine connoisseurs consider German Kabinett the epitome of light, fresh, elegant wine.

- among the lightest wines in the
- lower in alcohol
- characterized by stimulating
- freshness and a subtle acidity noted for their delicate fruitiness and light, aromatic bouquet

#### A unique range and variety of wines

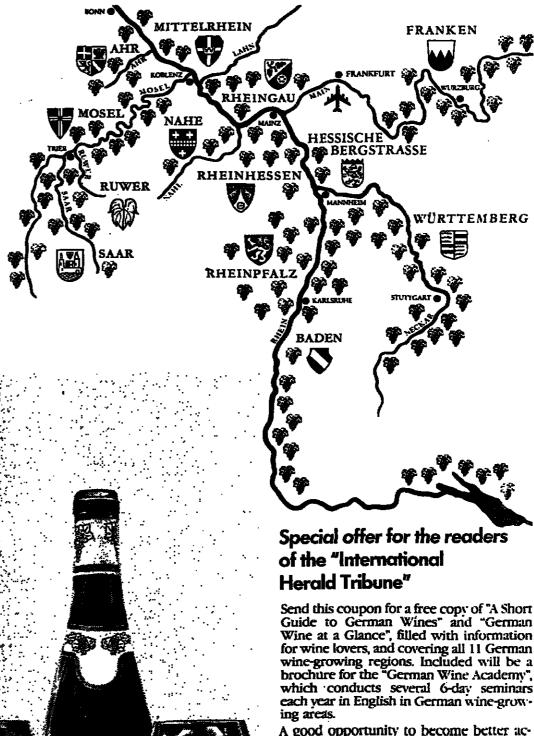
The Moselle and Rhine wines are famous for their blend of refreshing acidity and delicate sweetness, but they are certainly not all sweet. There is a wide selection of dry and semi-dry wines for those who prefer them.

#### The "light" trend

Wines for drinking with today's cuisine should be stimulatingly fresh and light.

Following this world-wide trend, German Kabinett wines are very much in demand. Their lightness makes them the ideal complement to good food.

They are perfect for the light business lunch or as an apéritif for parties and other social events.



Guide to German Wines" and "German Wine at a Glance", filled with information for wine lovers, and covering all 11 German wine-growing regions. Included will be a brochure for the "German Wine Academy", which conducts several 6-day seminars each year in English in German wine-grow-

A good opportunity to become better acquainted with Germany's elegant, light

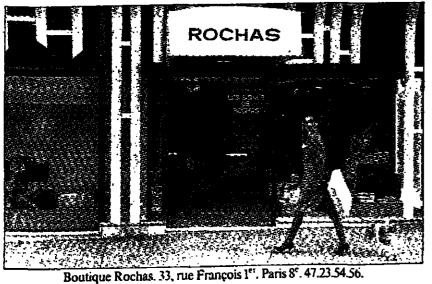
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We invite anyone with knowledge of the history or current whereabouts of the above painting of the founder and first publisher of the European edition to contact:

> Ruth Levy. International Herald Tribune 181, Avenue Charles-de-Gaulle 92521 Neuilly Cedex. Tel.: 47.47.12.65. Telex: 613595.

# The Small World of Microscopes: Techniques Without Light

By Walter Sullivan
New York Times Service

S CIENTISTS are testing and us-ing techniques that go far beyoud those of conventional optical or electron microscopes, enabling them to see the most intimate structures of living and nonliving systems. In ways never before possible, scientists can magnify and examine the surfaces, internal structures, even the atomic compo-sitions of specimens, including liv-

ing cells.

While the original microscopes used light waves, these powerful new devices use a variety of technologies, including beams of sound waves, X-rays, polarized electrons or the nuclei of various atoms. Although most of the advances depend on illumination of speci-

ens with high-energy particles, there is much excitement over an proaches that use visible light and herefore do not damage living specimens. Electron microscopes fry" the subject with electron

One visible-light method, developed by Alan Boyde at University College in London, produced the first three-dimensional pictures of ighly magnified subjects: A series sharply focused images is obtained at successive depths, then, as described in the journal Science, the images are stacked for a threedimensional effect.

At Cornell University, Michael S. Isaacson and colleagues have devised a way to produce images showing details far smaller than the wavelength of light used to scan the material. The trick is to produce an extremely narrow beam of light by passing it through a hole whose diameter is only one-tenth to onewentieth the light's wavelength.

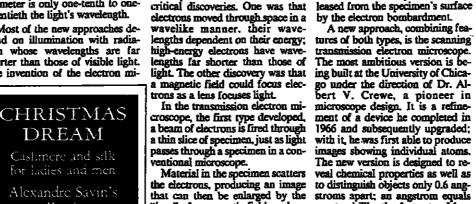
Most of the new approaches depend on illumination with radiation whose wavelengths are far shorter than those of visible light. The invention of the electron mi-

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that can then be enlarged by the stroms apart; an angstrom equals "lens" of a magnetic field, and recorded. An image must be obtained, however, before the electrons alter the specimen. The esults are two-dimensional. The scanning electron micro-

scope, which came into widespread use in the 1960s, creates a threedimensional image, not from elec-trons fired through the specimen

A new approach, combining fea-

transmission electron microscope. The most ambitious version is be-

go under the direction of Dr. Al-bert V. Crewe, a pioneer in

images showing individual atoms.

The new version is designed to re-

limited because wavelengths of vis-

ible light are measured in thou-

sands of angstroms. The wave-

length of an electron accelerated to 100,000 volts is 0.04 angstroms. At-

oms in a crystal are two to five

The most powerful such existing device is at the Lawrence Berkeley Laboratory of the University of California Its resolution — defin-

can observe — is 1.6 angstroms.

achieves 2.4-angstrom resolution. It can examine the atomic structure

of such substances as the hemoglo-

The multimillion-dollar project

to achieve 0.6-angstrom resolution

depends on high technology. A

deep vacuum must be maintained

to prevent electrons from being scattered by molecules of air, and

the electron beam must be kept within a narrow energy range to prevent the blur of multiple images caused when electrons of different

energies are bent to different degrees by the magnetic lens.

The greatest challenge is to com-

pensate for the spherical aberration

that has blocked progress toward

greater magnifications. Such aber-

ration occurs because electrons

bent by the spherical configuration

of a magnetic lens focus on a line, rather than a point. The distortion

becomes increasingly serious at the very short wavelengths needed for

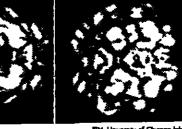
great magnification. Dr. Crewe has

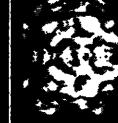
pole, magnets to correct for this

effect. To be free of magnetic

levised a system of sextupol, or six-

bin in earthworm blood.





Top, graphite surface viewed by IBM microscope in Zu-rich; below, hemoglobin molecules from earthworm blood, electron microscope being built at University of Chicago.

asymmetries, the sextupols must be with a scanning electron micro croscope in 1932 made use of two but from secondary electrons refashioned to extreme precision scope. from iron that has been melted in a The availability of high-intensity vacuum to draw off impurities, and hammered in a special forge to

eliminate large crystals. It is hoped that the microscope will be ready for testing next summer. Other new approaches are those using X-rays of relatively long tures without destroying them. This technique was used in 1983 to obtain the first X-ray image of a living cell. The resolution was 75 individual molecules.

Early this year, Ralph Feder of IBM and his colleagues presented in Science a series of "flash" X-ray images showing living blood plate-lets reaching out with "pseudo-pods" that bound them to other platelets — the process that leads to blood coagulation. The specimens had been placed on top of X-ray sensitive material and exposed

By Allan Parachini

Las Angeles Times Service

substantially elevated by smoking, returns to normal

smokers, but they said the new evidence not only confirmed the ability of the body to rebound from the

effects even of decades of smoking but implied a faster response than many scientists thought possible. For smokers who have developed high blood pres-sure or who have family histories of heart-attack

susceptibility, quitting can bring about a significant diminution of the prospect of having a sudden heart attack, according to the report in the New England Journal of Medicine.

X-ray sources, such as the new National Synchrotron Light Source at Brookhaven National Laboratory, on Long Island, is making possible microscopy in which X-rays are focused by devices called zoneplates. X-rays cannot be bent by ordinary mirrors or focused by lenses but they can be bent, or diffracted, toward a focal point by a grating or pattern of concentric, circular grooves. In this way Janos Kirz and is colleagues at the State University of New York at Stony Brook have mapped the calcium content

of human skull tissue. A device called the scanning tunneling microscope, in whose development IBM is playing a major role, looks at the bumps and valleys of surfaces down to the scale of individual atoms. A needlelike electrode scans across an electrically charged specimen, and electrons to a flash of X-rays, producing a shadow image on the X-ray sensitive material that was then viewed imap its surface atom by atom. This

Study Stresses Smoking-Cardiac Link

technique, which can achieve a res-olution of about two angstroms, will enable researchers to study corrosion and other metal surface reactions on the smallest scale.

development at Stanford University and elsewhere, offers special advantages in that its images reflect the mechanical qualities of the specimen: density, elasticity and Another approach is the scan-

ning ion microprobe, developed by Riccardo Levi-Setti at the University of Chicago in conjunction with Hughes Research Laboratories. Instead of electrons, it fires a beam of ions, or atoms that have shed some of their electrons, at the specimen. The ions are usually those of the metal gallium. This not only maps elements of the specimen with a resolution of about 400 angstroms.

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# heartbeat or increase it temporarily for tests.

WASHINGTON (NYT) - Fragments of hemoglobin have been detected in the bones of humans who died as much as 4,500 years ago, Italian medical scientists report. Using advanced immunological methods, the researchers found traces of hemoglobin in bones from early

Though the ability to detect hemoglobin varies with time and probably the conditions to which the bones were exposed since burial, traces of hemoglobin could be found in modern and ancient specimens, according to a report in the Proceedings of the National Academy of Sciences USA

the project but that, though they showed the same reversal effect as men, the number of female subjects PEOPLE under age 55 who quit smoking revert to normal heart-attack risk much more quickly than scientists have previously thought, even in smokers was too small for statistical review as precise as that to which male subjects were subjected. For smokers who cannot or will not quit, a study at who have other conditions that add to the risk, but the University of Arizona Health Sciences Center in

switching to low-tar, low-nicotine cigarettes has no Tucson finds that, especially among longtime smoksignificant effect on health, according to two new studies.

Researchers at the Boston University School of Public Health report that in people who quit before age 55 the risk of sudden major heart attack, which is appropriately elevated by a problem of the state o

nicotine, longtime smokers probably have such extenwithin as little as two years. The researchers cautioned sive lung impairment that using the low-yield brands that the reversal was probably not that fast for all would not improve their health at all Marketing figures indicate that low-tar, low-nicotine cigarettes, whose development began in the early 1970s, now account for significantly more than half the market. The Boston study examined the relationship of smoking and heart attack risk in almost 5,000 men, all

under 55, among patients at 78 hospitals in Massachusetts, Rhode Island, Connecticut and New York. Men smoking at the time of the research were found to have triple the risk of sudden catastrophic heart attack as the controls who had never smoked. Men who had The study focused on men, but Lynn Rosenberg, been off tobacco for at least one year had declined to who headed the Boston project, said the effect appeared to be just as pronounced in women. She said months, the risk dropped to nearly the same level as that a small group of women was originally included in the men who had never smoked.

#### IN BRIEF

t Brightness Laid to Water Loss IGTON (UPI) — As seen from Earth, Halley's comet has singly bright in recent weeks, and the first observations from at that the cause is water boiling off its icy nucleus faster than

Paul Feldman of Johns Hopkins University, a member of a entists operating an astronomy satellite called International Explorer, said the comet was losing four tous of water a n it was 170 million miles from the sun. He said satellite data water loss rate to be three times greater than expected.

ed development, astronomers at the University of California ruz and NASA's Ames Research Center, using the Lick is 120-inch Shane telescope, reported that ice particles had

#### orary Pacemakers Put in Pills BOR, Michigan (AP) - A temporary pacemaker in a pill has

eartheats or improved medical diagnosis in 43 patients, University of Michigan researchers. The device paces the heart temporarily and helps doctors diagnose cardiac ailments without forcing patients to exercise to raise pulse rates, said Professor Janice Jenkins of the university's Department of Electrical Engineering and Computer Science. She said the device can also control rapid heartbeats.

The pacemaker, an electrode, is placed in a gelatin capsule attached to a thin, insulated line and is swallowed. The doctor lines the capsule up near the left atrium, where the electrode can be stimulated to stabilize the

#### **Hemoglobin Found in Ancient Bones**

Roman times and the Bronze Age.

The purpose was to test the possibility of using traces of the blood substance in archaeological research and in studying the ancient history of diseases such as the blood disorder halassemia.

by scientists from the University of Rome and the Regina Elena Institute for Cancer Research in Rome.

#### Synthetic THC Can Now Be Marketed

NEW ROCHELLE, New York (NYT) — The U.S. Food and Drug Administration has approved commercial production of synthetic THC, the psychoactive ingredient in marijuana, to treat the nausea and vomiting that often result from cancer chemotherapy. The drug was previously available directly from the National Cancer Institute, according to the Medical Letter on Drugs and Therapeutics.

The drug, taken orally, is known generically as dronabinol and will be marketed under the trade name Marinol. It is listed as a Schedule II drug, the most controlled category of prescription drugs. It has proved effective following many types of chemotherapy, though not for patients receiving

Side effects of THC include drowsiness and orthostatic hypotension, also known as "dry mouth." Other possible effects, especially in older patients and those unused to marijuana, are dizziness, disorientation, depression, paranoia, hallucinations and manic psychosis, the Medical

## U.S., China Plan Project on El Niño

WASHINGTON (AP) — A U. S. Chinese project to investigate the causes of the El Niño phenomenon, which can disrupt weather around the world, will start in January, the National Oceanic and Atmospheric Administration has announced

As part of the international Tropical Ocean-Giobal Atmosphere program, or TOGA, Chinese and American scientists are scheduled to embark from Honolain Jan. 5 on the Chinese research ship Xiangyanghong 14 and end the project Feb. 10 in China. It is the first of eight planned Chinese research cruises in the next four years.

El Niño occur about every seven years, marked by a reversal of trade winds and changes in ocean temperature in the Pacific. The scientists will measure the water temperature and the variations in heat of currents along the Equator. They will also measure the currents and subsurface temperatures and take weather readings.

# Galilee Water Reaches 37-Year Low

TIBERIAS, Israel, (UPI) - The water level in the Sea of Galilee is the lowest in 37 years and this season, normally the rainy season, has been the driest in 60 years, scientists have reported. They said several settlements and villages in Galilee faced a shortage of drinking water.

# MAURITANIA 25 Years After Independence

# **Donors React Favorably** To Economic Recovery Program

economic planners have chalked up several early points toward

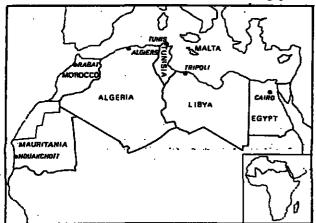
By their own admission, much remains to be done. But a new Economic Recovery Program (ERP), covering the 1985-1988 period, was adopted already last July, and Mauricania's donors both bilateral and multilateral - have demonstrated their favor-

A year ago, the economy was clearly on a downward spiral, burdened with describication, drought, low world prices for iron ore, a huge debt-service bill of a billion ouguiya (\$31 million) in 1984 alone, a 2.8 billion ouguiya 1984 budget deficit and heavy shortfalls in the trade and current-account balances.

While recognizing that some of the causes of the country's economic woes are external and beyond Mauritania's control, the ERP acknowledges that other causes — for example, bad management and ill-chosen investments - can be corrected with appropriate policies executed at home.

Investment is to be "moderated" - a clear reference to vast sums of iron-ore revenue sunk by earlier economic decision-makers into white-elephant schemes in the late 1960s and early 1970s. And priority will go to the productive sectors and to maintaining and rehabilitating existing projects rather than starting up new ones. Fishing, agriculture and minerals come in for special attention.

The World Bank has given Mauritania a significant vote of confidence. Its concessionary-lending arm, the International Development Association (IDA) has this year granted \$29.15 million in credits for three sectors: agriculture, industry and public enterprise. The largest component, \$16.4 million, is to help Mauritania restructure and rationalize the loss-making public-



Scarcely a year after Colonel Maaouya Ould Sid'Ahmed Taya came sector companies by, in the World Bank's words, "reorganizing, to power on December 12, 1984, Mauritania's new team of privatizing and closing down enterprises." This \$29.2 million project is co-financed by France's Caisse centrale de coopération economique (CCCE) and Fonds d'aide et de coopération (FAC) and by the European Investment Bank and the European Development Fund.

The International Monetary Fund (IMF) also came through with a one-year standby arrangement of \$12.95 million, which expires on April 11, 1986. Mauritania has encountered no trouble in actually receiving the payments of this sum - a further indication that the IMF is satisfied with the country's economic

Once the IMF facility was in place, the way was clear for the World Bank to assemble other donors and creditors in Paris to discuss Mauritania's financial requirements. A sort of miniconsultative group meeting on March 12 and 13 had listened as Mauritania's Finance Minister, Mr. Anne-Amadou Babaly, outlined the ERP and then, according to a World Bank communique, "stated their conviction that Mauritania could, over the medium term, overcome its present financial problems." Saudi Arabia alone pledged a direct grant of \$30 million at that meeting, and donors agreed to reconvene for a full consultative group meeting by the

At the request of the Mauritanian government, the World Bank agreed to open a resident mission in Nouakthott in September. Conscious of the crippling effect of such a large debt-service burden, Western creditor governments convened a two-day Paris meeting on April 27 and agreed to reschedule 90 percent of payments of principal and interest due between December 31, 1984, and March 31, 1986: repayments will begin in 1989.

The largest share of ERP spending -- 35 percent -- is earmarked for the rural sector, and while some attention to infrastructure is envisaged, especially in the form of rehabilitation and maintenance of existing facilities, the primary emphasis is on projects likely to create revenue quickly. Both field crops and livestock-raising are to receive a boost.

Water is the critical factor in Mauritania's efforts to grow more of its food needs locally. Two-thirds of the country is Sahara desert, and much of the remaining third is marginal Sahelian land very much dependent on good rains. Until 1985, Mauritania had had precious little rain. This year, more rain fell than in any of the previous 17 years, which helps tremendously in the short term, but very little over the long term.

Agriculture is very much concentrated in the Chemama, a narrow fertile crescent in the south of the country, along the Senegal River. It is seasonally inundated when the river overflows its banks. Cereal crops — mostly miller and sorghum — may have



Traditional Mauritania, symbolized by the open tent, is complemented by projects geared to fortify its economic viability.

tripled in 1985, from 20,000 metric tons in 1984 to an estimated 60,000 metric tons this year. But to bring about scable production levels, the Senegal must be harnessed. Mauritania belongs, along with Mali and Senegal, to the Organisation pour la mise en valeur du fleuve Sénégal (OMVS), which is now building two dams that will irrigate more than 400,000 hectares and will curb salt-water incursion, a serious problem in dry years, when the volume of water in the river is too low to prevent salt water from washing back from the Atlantic and damaging crop land. Completion is

The focus now, though, is on small-scale irrigation. \$8.2 million of the IDA credit this year will help finance pumping sets and other equipment necessary to irrigate 75 farm plots of 20 to 25 hectares each, under a \$10.8 million scheme expected to increase cereal production by 10,000 metric tons a year and to benefit some 2,900 farm families at Kaedi and Gouraye. The Rome-based International Fund for Agricultural Development (IFAD) is cofinancing. The French are co-financing 82 plots of similar size at Boghe. If these schemes succeed, drought may never again take quite so high a toll on the Mauritanian econom

— Linda Van Buren

# **Developing the** Iron and Steel Industry

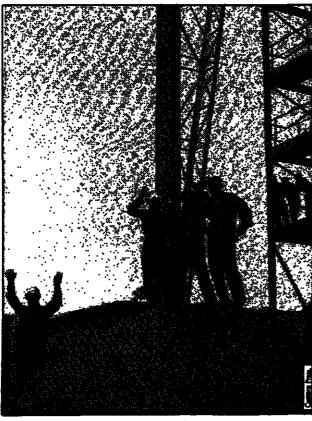
Mauritania has comparatively large mineral resources in its subsoil and can therefore be considered a mining country. Top priority goes to developing this source of wealth and gradually increasing its value-added factor.

Mauritania's long-term goal is to set up a complete iron and steel complex. This first stage of the processing of iron ore would involve private management or ownership, a possibiliry currently being studied by several Arab states.

The aim of SAFA (Société arabe du fer er de l'acier en Mauritanie) is to be an iron and steel processing center in West Africa It has initiated conventional iron and steel production in a country where the market il is comparatively small. It startnd with electric furnaces and 10w has a small one which produces consumer goods of generally high quality, such as ron rods and steel sections for Mauritania and the West Afrian sub-region. SAFA has laid he groundwork for an iron and reel complex which it intends o develop, if only as a training enter in iron and steel produc-

SAFA is the first and only ts, but Mauritania is on the some 100,000 tons per year.

's natural export market, Mauritanian market. Maurita- longest-established in the Ma-



Mineral resources are mostly located in the north.

contacts, not to mention the fiscal advantages stemming from agreements concluded with the CEAO. These agreeectric steel organization in ments, though they present cer-Vest Africa. Senegal is the min difficulties, give Mauritasincipal market of the West nia certain advantages in the frican Economic Community international market, provided EAO). The CEAO is inter- they are carried out to the nomic links of this sub-region. ted in SAFA because of its letter by the parties concerned. oximity and the vast trade Mauritania is planning to break the Algiers-based Union arabe ssibilities. The marker there- into this market in a big way. In te appears wide-open. There the years ahead, it bopes to main a few problems concern- acquire a large share of this 3 the range of SAFA's prod-market, currently estimated at factors. It stresses the need for

begun with its own domes- pacity of 36,000 tons per year, technical assistance, Mauritania The CEAO market is SA-duction after satisfying the company El Pouledh, one of the

given its proximity and trading nia and its fellow CEAO countries need to reinforce the above agreements, which, though not easy to attain, were drawn up for two reasons: to promote production at the community level and to expand trade among the countries committed to strengthening the eco-

Mauritania cooperates with du fer et de l'acier in sharing with Arab countries its knowledge of resources and market balanced development of iron td to solving them since it The present unit, with a ca- and steel in Arab countries. For can easily sell its surplus pro- has dealt with the Tunisian

ghreb. The cooperation has been most fruitful.

The international market is comparatively right and Mauritania believes that iron and steel products are still in fairly strong demand. At the least, demand is stationary. Supply, however, is likely to develop. Indeed, iron and steel plants are to be found practically everywhere, and several Arab states are finalizing projects for plants that will manufacture similar products. Since these products do not compete with Mauritania on the same market, the country is not unduly disturbed by this development.

Some say that consumption is stagnant, especially in the matter of iron rods. For some time now, no large projects capable of altering the market have emerged. Mauritania is therefore witnessing a stable market, in terms of both supply and demand, and does not expect any significant international price fluctuation.

The delicate subject of technology transfer has been discussed at every forum, including the United Nations. It is a problem for the recipient in that he is expected to buy the most suitable technology for his particular technological environment. Consequently, 25 long as the user is not the one to choose the appropriate technology, the transfer cannot be made, since the choice will have been made by the seller. A purely economic problem of dependency will thus arise. The inevinable conclusion, therefore, is that as long as Mauritania, a developing country, fails to esrablish the necessary institutional machinery to facilitate effective technological transfer, such transfer will never occur.

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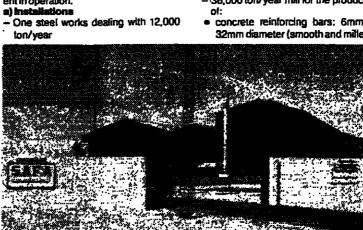
by protocol of 14 March 1984 by:

-Bahrain) Each of these shareholders hold onethird of the capital; Within the framework of this association the mining and steel company

SNIM-sem in Nouadhibou has given way to the new company SAFA. The aim of SAFA from this main core (Nouadhibou Unit) is to take over development of the iron and steel and metallurgical operations in the Islamic Republic of Mauritania.

NOUADHIBOU UNIT 1 The mining and steel works is at present in operation.

a) Installations



Head office and factory of SAFA, Nouadhibou

Ahmedou ould Jiddou Director General of SAFA

5 ton arc fumace

■ ingot casting

— 36,000 ton/year mill for the production

concrete reinforcing bars: 6mm to

32mm diameter (smooth and milled)



African Economic Community) f) Renovation

Alongside the exploitation of the existing unit, SAFA has undertaken the renovation of all the installations with a view to improving production conditions and a better cost and quality control over production.

**DEVELOPMENT PLAN** Within the framework of industrial development in the Islamic Republic of Mauritania, SAFA iscurrently carrying out studies with a view to the short term realisation of iron and steel and metallurgical units such as:

- metallic structures (framework, pylons,

-smelting (plating sheets, grinding equipment and other current parts) drawing mill

#### MAURITANIENNE **D'ASSISTANCE TECHNIQUES MARITIME** MATEMA S.A.

**Bouleyard Maritime** P.O. Box 248 Telephone: 23.37/22.16. Telex: 417 MTN Nouadhibou - Islamic Republic of Mauritania

DIRECTOR GENERAL: MR. ZEIN OULD MALLOUM



Zein ould Malloum Director General of MATEMA

#### **ACTIVITIES**

- Assistance and advice to businesses and ship owners as regards all problems concerned with the purchase of vessels, equipment and maintenance and the supervision of new constructions or repairs.
- 2. Study of technical and/or economic projects concerning marine, port or river industries.
- 3. Expertise in ships and marine installations. 4. Surveying of marine and various accidents and
- 5. Representation of insurance companies, studies, surveyors and classification super-
- in Mauritania, or neighbouring countries. 6. MATEMA acts as representative as regards the requirements for qualified experienced personnel in positions concerning MATEMA's interests in Mauritania and/or anywhere else as the case may be.

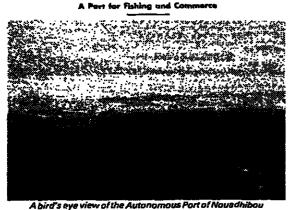
vision etc... foreign concerns having interests

AGENT OF THE ITALIAN NAVAL REGISTER (R.I.N.A.) IN MAURITANIA.

> الجمهوريسة الاسسلامية ISLAMIC REPUBLIC OF MAURITANIA



AUTONOMOUS PORT OF NOUADHIBOU A large Fishing Port in same of the Best-Stocked fishing Waters in the World



You are assured of the best quality service at the cheapest rates on the North-West Coast of Africa,

With the following accommender:	
— a 600-meter quay at	6 meters
— a 130-meter quay at	8 meters
— a 90-meter quay at	
— a 250-meter quay at	

Water, Gas/Oil, Ice Supplies. All provisions and materials required for fishing.

Ease of access at any tide. Day or Night, for all vessels up to a Draught of 24 feet.

A specialized Company offering top quality services and Materials is responsible for the handling of merchandise.

P.A.N. is the maritime port for you, situated half-way between the Canary Islands and Dakar, in the calmest of waters created by the natural harbor of Levrier Bay. A coastal radio station, telex and VHF lines ensure excellent communications between port, boats and

> Tel. (3 lines): 21-34; 22-7<del>6</del>; 22-35. Telex: 441 MTN.

An important port for fishing and commerce, the Autonomous Port of Nouadhibou will experience intense industrial and commercial activity in the coming years.

Message Concerning the State of the Nation by His Excellency the Colonel Maaouya Ould Sid'Ahmed Taya, President of the Military Commission for National Safety, Head of State, Delivered on the Occasion of the December 12 Holiday.

Mr. President, Members of vary situation. The long-term the Military Commission for deposits reached 2.491 billion National Safety, Ministers, Ambassadors, Ladies and Gendemen,

Twelve months ago, the Military Commission for National Safety conducted an internal restructuring operation. I have indicated the reasons and finality of this essential actionon several occasions.

In December 1984 our country was in a serious situation: lack of credibility on the international level, the dilapidated state of the economic and monerary system, institution of a system of power ridiculing the most elementary principles of liberties for citizens, all deviations which interfered with the options of the Military Commission for National Safety. Like the Anned Porces, every one of you bitterly resented the corrosive effects of this po-

Dear fellow countrymen and

The directions which must guide the government's action were laid out distinctly in the official statement issued by the Military Commission for National Safety December 13, 1984: establishment of a strong and fair government and stabilization of an unbalanced and unsteady economy. This work reflects the challenges and threats which assail us as a nation, threats for which we almost mortgaged our future.

From that time, governmental action has, during the last year, been based on the restructuring and credibility of the State, stabilization of the economic and monerary situation to create a solid base for real economic and social progress. This has been an often disappointed, but renacious hope of our people.

I will give you a concise account of government activities concerning this subject before explaining the prospects of the Financial and Economic Recovery Program for the next three years.

Results

The initial government budget for the fiscal year 1985 including expenditures of 13.144 billion ouguiva and revenues of 13.137 billion was modified for with long-term payment conditwo reasons:

goals of the Financial and Eco- and credit policy is scarting to nomic Recovery Program.

of the national debt. nine months of the year, the forced to contain the inflationresults obtained in execution of ist pressures and to regulate the the Finance Act reveal both a overall demand so as to encourstabilization of expenditure and age the adjustment process alan increase in revenue and ready instituted in our external funds as compared with the payments. previous year.

contracted with other govern- policy. simply paid off.

streamlined, through the reguand exterior proceedings.

A distinct improvement in government funds can also be portfolios. noted. This improvement will bring the current budget deficit to close to 403 million ouguiya

an improvement in the action opposed to 3.434 billion during of the tax collection services, the same period of the previous but is also due to progress made year, despite the auditing of the by all the financial depart- transfer proceedings recorded menes.

nancial and economic situation ber 1984. of the country, the Military Commission for National Safe- provement in the overall balty adopted the Financial and ance of payments was obtained, during the session held Septem- international market remains ber 4 to 8, 1985, which covers tragile due to the continuing the 1985-1988 period.

I will return to the anticipated goals and performances of fishery exports should signifithis program.

techning the imbalance in gov- ation. erroment finances and foreign The extent of the available

of the future for the Mauritanian economy. in late June 1985 after a high of

1.701 billion at the end of 1984, representing a 46% increase. As for the demand deposits, they increased from 5.9826 billion in waters, without any risk of December 1984 to 6.4324 biloverfishing. Three hundred sixty live lion in June 1985 for a 7.5%

Development of the money supply remains within the limits compatible with the need to retain the domestic and foreign value of the currency, and its structure seems satisfactory.

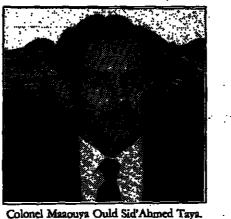
growth.

The credit increase has been moderate, reflecting that of the money supply, as the total domestic credit rose from 19.762 billion at the end of 1984 to 20.026 billion at the end of September 1985 for an increase of only 1.3%.

Net government debts decreased by 160 million over the reference period as compared with the end of December 1984.

The ratings for fisheries, industry and energy economic sectors have increased. However, an insufficient amount of credit was granted to the rural sector and small-fishing industry. Measures were taken to compensate for this, using the structures of the National Development Fund. The resources of this Fund are more suitable than banks for action in these

Starting in 1986, the National Development Fund should offer farmers an adequate agricultural credit system to accompany the strategy for the sector set up by the government. This system will compensate for the low income of rural producers by providing them with "intrants" and production facilities



FADES.

cions. 1. To move closer to the On the whole, the monetary yield results, which proves the 2. To account for the impact effectiveness of the instruments used. The monetary authorities However, during the first will make sure they are rein-

The creation of a National Indeed, a slowdown in the Credit Board is in keeping with budget consumption was re- the general pattern of these corded. Tax payments rose 22% new directions in monetary poduring the first ten months of licy. I should add that this 1985 over the previous year. Board is already operational It should be reported that and is responsible for determinthe bulk of our national debt ing the main lines of the credit

ments was rescheduled, if not Furthermore, an audit study of the banking system is under-It is also comforting to re- way at five banks and at the

port that the Treasury has been National Development Fund. This study will cover three lar processing of the interior essential aspects of bank management:

1. Risks associated with

2. The foreign debt level. Profitability. The total deficit in external

as against 1 billion at the end of payments was limited to 1.574 billion ouguiya following the This situation results from first seven months of 1985 as by the BCM, which reached 21 To further improve the fi- billion ouguiya in Decem-Although significant im-

Economic Recovery Program our position in relation to the high level of imports.

The continuing growth of cantly contribute to a recovery Government efforts aimed at in our balance-of-payment situ-

payments had a major effect on halieutic resources means that the development of the mone- the fishery industry is the sector

According to the most pessimistic forecasts, 606,700 tons of fish of all species can be taken annually from our territorial

ships are currently operating in our territorial waters. This includes 94 national ships with 62 freezer boars and 32 ice boars unloading their entire eatch at Nouadhibou. These statistics do not take into account ships chartered by certain national shipowners as part of an agreement recently signed with Por-

The Mauritanian Fish Marketing Company (SMCP), which constitutes the main government operator in the fishery domain, expanded its field of operations by signing a contract with a Japanese firm, which agreed to buy 20 to 30% of its production. It is currently making every effort to penetrate certain Arab and African

markets. As an indication, on September 30, 1985, the SMCP paid 734 million UM to the Treasury in export duties for bottom fish. For this category of fish, SMCP sales should exceed 7.500 billion UM this year.

The small-fishing industry continues to attract the attention of the administration due to its high job-creating capacity and the guarantees it offers in terms of supplying the interior market and ground industries.

Small shipowners are currently estimated to include 624 boats, operated by a workforce of 2,000 fishermen. Financing has or will be obtained to develop this sector from the Saudi Development Fund, Denmark,

the FAO, the FED and the

In the mining sector, the reorganization of the SNIM and the SAMIN have been emphasized this year so that SNIM will be able to confront the international competition on the iron ore market, while the SAMIN can resume opera- for the construction of a barreltions of Akjouit copper as soon as possible.

During the first nine months of the year, sales of iron ore reached 7,128,234 tons, representing a value of 8,913,448,910 ouguiya.

Negotiations are currently underway with the World Bank and the Kuwait Fund to settle the SNIM cash problems and to renovate the railway which transports the iron ore to the port of Nouadhibou.

A solution to the problem of the guarantee required to obtain financing is currently under consideration. In the field of research, our

national territory is currently covered by five mineral-prospecting permits valid for phosphate, iron, copper and hydrocarbons. A mining authorization has been issued to the SNIM for radioactive substances. It covers the northern section of the Dorsale Recibatt. The ORMG has a permanent authorization for all territories not covered by other prospecting permits. As you know, these prospecting operations have already yielded the discovcry of a major phosphate deposit in Bofal. The feasibility study for this project is under considcration for the near future, following the creation of a consortium, including the interest parties, primarily the SAMIA. and ARMICO.

An extensive survey will be conducted for the two iron deposits in the TASIAT where the reserves are estimated at close to 4 billion tons with an average iron content of 32% for the Lebtheinuye deposit alone. please contact the Presidency in These deposits may be mined as Abidjan.

part of an integrated palletization project. Operations in the industrial

field consisted of: -a reorganization of the in-

dustrial sector to better monitor the setting up and operation of companies; - assistance in the creation of

new industrial units through increased help to promoters; providing existing industries with the protection required for relaunching operations, while taking into consideration our membership in regional and international organizations.

Operation of the industrial firms in the parapublic sector was satisfactory: this is the case of the SAMIA, which includes a plaster plant with a production capacity of 100,000 tons.

The SAFA now manages the Nouadhibou electrical steelworks, which has been operational for several months due to a drop in the electrical energy

In the hydroelectric and energy fields, 1985 was significant for the launching of such major projects as the CEAO program, which includes 364 water holes with 200 drilling rigs and the Saudi program which provides 32 water supplies via source points. In addition to these two programs, the work on the second conduit linking Nouskchott and Idini will start in the very near future and financing has been obtained for the Nouadhibou water supply project. The goal of all these projects is to significantly increase the coverage of water require-

ments in rural and urban areas: As for energy, SONELEC's future looks promising, given the call for bids in the near future for the large Novakchott electrical power plant, attainment of financing for a rehabilitation program and connection of the Point Central installations to the SONELEC network. These will ensure the country's electrical energy re-

quirements. Furthermore, the start-up of the Manarali hydroelectric power plant will bring electric power to the right bank of the Senegal River, guaranteeing the multisector development of this area, and will provide a reliable power supply to the city of Nouskehott. I should emphazise at this point that our country has taken a firm option for 15% of the output of this

power plant. Concerning hydrocarbons, we have concluded two agreements with Algeria, securing the stable operation of the petroleum refinery and providing ling center in Noualchott to ensure the butane gas supply to the country.

The SMCPP has been successful in providing a regular supply of petroleum products to the country. The SMCPP imports, which accounted for approximately 138,000 tons/M, dropped 12.5% from the previous year.

In the equipment sector, we can report:

- the completion of the Port de l'Amitié work scheduled for 1986:

- work and studies have been carried out for the construction or repair of road sections for the purpose of developing the country's network of roads and to free remaining isolated regions; completion of the work on the Nouskchott sirport automatic center financed by the FED;

FAC financing obtained for conducting studies concerning the new Nouskehott airport project and adaptation of the runways for 747-type aircraft,

partial completion of the program for 581 low-cost housing units financed by the government of Kuwait; start of the final phase of the Saudi program for 469 housing units and completion of 36 plots with improved sani-

tation. Finally, I would like to report the recovery in the financial position of the Novakchott Maritime Institution.

For a complete transcript of text,

# THE AUTONOMOUS PORT **OF NOUADHIBOU**

# **NOUADHIBOU**

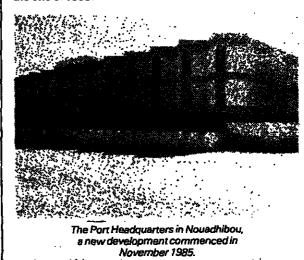
PORT AUTONOME DE



of the Autonomous Port of Nouadhibou The activities of PAN have increased considerably since the installation of NPP, and in particular, since the implementation of the decision taken in 1982 to make it obligatory to unload the hauls of fish (deep water fish) realised in the Mauritanian ZEE. The figures speak for

themselves. 1982 393,716 tons handled 822,939 tons handled 1983 840,000 tons handled 1984 1985 954,996 tons handled

The major increase in movements in the port was not realised without creating a certain amount of difficulties, while at the same time it can be seen that the figures for 1985 already correspond to those forecast for the end of the third phase of the PAN development project although the second phase should only have been commenced at



#### **BANQUE CENTRALE DE** MAURITANIE

Nouakchott

B.P.:623 623 Télex: RIMBANK - 72

انواکشوط ــ تلكس : ريمبنك - 72

Tel: 52206

Governor: Mr. Dieng Boubou Farba Deputy-Governor: Mr. Mohamed Ould Namy

The Banque Centrale de Mauritanie was created by legal decree number 73.118 of May 30, 1973. It took the place of the Banque Centrale des États de l'Afrique de l'Ouest, to which the Islamic Republic of Mauritania belonged, alongside other African states and the French Republic.

The Banque Centrale de Mauritanie has, in terms of the statutes that govern its working, all the classic functions of a Central Bank (Issuing currency, establishing credit norms, distributing and controlling credits, undertaking economic studies, realizing financial operations on behalf of the State) as well as other specific functions linked to the circumstances of its creation and to the particular importance which it is accorded by government authority. The Banque Centrale de Mauritanie is thus

closely associated with the efforts of the government, Its credit policy is characterized by dynamism, a low discount rate (4.5 percent), the attribution of medium-term credits for periods of up to eight years, and, generally, by the encouragement of all industrial, mining, agricultural and social housing projects.

Under the impulse of the Banque Centrale de Mauritanie, the banking system has been considerably developed. Several banks have thus been

- The Banque Arabo-Libyo-Mauritanienne (BALM) (Arab-Libyan-Mauritanian Bank) with a capital of 140 million ouguiya;

- The Banque Arabe Africaine en Mauritanie (BAAM) (Arab African Bank in Mauritania), with Kuwaiti participation, with a capital of 300 million ouguiya; -The Banque Internationale pour la Mauritanie

(BIMA) (International Bank of Mauritania) with a capital of 150 million ouguiya; - The Société Mauritanienne de Banque (SMB)

(Mauritanian Banking Society) with a capital of 100 million ouguiya: in addition, a development bank and a development

fund have been created: The Banque Mauritanienne pour la Développement et le Commerce (BMDC) (Mauritanian Bank for

Development and Commerce) with a capital of 80 million ouquiya: The Fonds National de Développement (FND)

(National Development Fund) with a capital of 100



Mohamed ould Mokhtar Director General of SMCP

#### Interview with Mohamed Ø Mokhtar Director General of the SMCP

The SMCP has had several substantial secondary effects on the Mauritanian economy, in particular as regards the balance of payments, due to a considerable and guaranteed gain in foreign currency and also on the national treasury by way of tax receipts due to immediate, cash payments; the SMCP has achieved its basic aim, which is to say, marketing Mauritanian fish, subject to Mauritanian law in force which obliges unloading.

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· 32

F.M.: Initially, one was aware of a certain refusal among the shipowners and commercial operators in your sphere as regards the SMCP, what is the current situation? M.Ø.M.: For several months now, I have felt a very great willingness and a sincere wish to cooperate on the part of Mauritanian shipowners, because, what I am interested in is Mauritanian shipowners who produce fish, who fish and sell me the produce to market, and in this much we have begun to understand each other so that I no longer have any problems in this area.

For the last quarter of a century since Mauritania has gained independence, people in this sector have become accustomed to a certain complacency due to the fact that the public authorities in Mauritania, in my opinion, have not always given this sector the importance which it merits and over the last few years the national administration has taken a real interest in the sector, having taken note that this was perhaps the sector of the future. People have become used to working alone and on an individual basis and consequently they present themselves in an anarchical way as persons isolated in the face of their foreign partners who are in a position of strength. Over a period of time, the SMCP has been accepted by the masses and this is the reality on which

everyone is counting. F.M.: You are confronted with fierce competition on the international market within the field of marketing.

M.Ø.M.: Yes, our geographical zone is interesting by its richness in cephalopods which mainly go to Japan and from this point of view we are in strong competition with our Moroccan brothers and our Spanish friends who have comparable species given the geographical proximity. However, I feel that there is room for everyone and I do not feel that there is any particularly harsh or hindering competition, because you are aware that the protein problem is real and that the world is in need of protein and as such, of fish. In the year 2000, certain geographical zones in the world are threatened by famine, if this is not already with us and we can therefore say that we will market our products with ease and while I am sure that our Spanish friends and our Moroccan brothers will do likewise, there is perhaps, on this occasion, harsh competition among our clients.

**F.M.:** It is the reverse therefore? M.Ø.M .: I feel that it is quite the reverse. In any event I have not been aware of any problem in that area. We have no difficulty in disposing of our fish and we have sold enormous quantities in the months of September, August and October and we continue to do so, in spite of the fact that certain geographical regions such as the Arab world and certain African zones have not been sufficiently investigated, because the SMCP is still in its early stages, and we are thinking of setting up a more all-encompassing strategy for breaking into markets, initially the Arab and African markets. It was a problem of ignorance and lack of communication or marketing, thence, the opportunity presented to us today by the International Herald Tribune in this supplement on Mauritania, is pushing us forward in the direction in

which we wish to progress. F.M.: Prices have almost doubled this year in a favourable trend for Mauritania; do you think this increase will continue or that there will be a stabilisation

# الشركة الموريتانية لتسويق الاسماك

# S.M.C.P.

# THE SOCIETE MAURITANIENNE DE **COMMERCIALISATION DE POISSONS**

The Mauritanian Fish Marketing Company

STABLISHED in June 1984, the SMCP has made it possible to consolidate in a significant manner the New Fishing Policy; to be more specific, it has achieved the main objectives for which it was created. It only began operations in August 1984, without its own capital, but thanks to credit to the tune of 60 million granted by the Banque Centrale de Mauritanie. The SMCP accounts show a loss of 60 million for 1984 and a provisional gain of 100 million for the first

The increase in marketable production by the SMCP remains linked to the growth of the national fleet in freezer and cold storage vessels.

The SMCP has likewise increased its partnerships, concluding an agreement over the last few weeks with the Japanese Group C. ITOH which committed itself to purchase 20 to 30% of the production on a regular basis. In the very near future, the SMCP should make an effort to penetrate several large markets such as those in Africa, (in particular, Nigeria and the Ivory Coast) and those in the Arab world.

The positive action of this company on the Mauritanian economy is evident:

- centralised submission of tenders to purchasers from

increases on the sales prices of products to foreign countries:

 campaign against fraud by improved supervision and control of the activities of vessels;

- incentives upon unloading by speedy and guaranteed

settlement of products unloaded at rates equivalent to international rates:

Elimination of intermediaries, buth as regards the intervention of Spanish banks and in relation to marketing.

The result is, in particular in 1985, a substantial growth in quantities unloaded and, consequently, a considerable reflection on the Balance of Payments and an increase in the collection of taxes on fishing rights by

the Treasury. On 30 September 1985, the SMCP paid 734 million UM to customs by way of duty on the export of deep

The turnover of the company for this category of product must this year exceed 100 million dollars, which is to say, 7,500 million UM, a figure such has never before been achieved.

Fathi Mahouachi

#### Interview with the Minister of Fishing and Marine Economy Mr Taki Ø Sidi

#### Reminder of the importance of marine fishing for the national economy

In spite of the constant decrease in real terms of the Gross National Product (0.6% per annum) during the last five 200 marine miles and a continental plateau of 36,000 years, the marine fishing sector has seen, during the same km2, it has been estimated that the following quantities period, its own importance grow, going from 6.5% in can 1982 to 9.3% of the G.N.P. in 1984. This is an indication over of the dominant position of this growing sector in the economy of our country.

The exports in marine produce, a direct consequence of the implementation of the new Fishing Policy, has increased substantially further to the decision taken in 1982 by the government making it obligatory to unload all demersal species at Nouadhibou, and also the creation of the SMCP in 1984. Thus, fishing which in 1984 accounted for more than 43% of the total exports, during this year should amount to almost 50%, which is to say in the region of \$ 180 million (13 thousand million UM). The table below shows the division of the four (4) major categories of fish exported in 1984 in millions of UM and

on a percentage basis.	Million UM	%
Pelagic species and related		
products	4.792	45: ب <b>ن</b> . ت
Cephalopods	3.147	-30
Deep water fish	1,235	12
Others	1.425	13

The contribution of the fishing sector to the national budget is considerable. In 1984 it amounted to 1.559 million UM which breaks down to 1.099 million in duty and tax on exports (20% of the total customs receipts as against 16.3% in 1983 and 14.8% in 1984) and 460 million in the sales of fishing licences to shipowners from

It should be noted that the tendency is towards an increase in 1985 when, for the first time the budgetary objectives laid down by the government (2,000 million UM) will be realised 100% and may perhaps be exceeded.

These figures show the emergence and the relative success of a complex economic sector, largely confronted by considerable and varying restrictions, not least of which is stiff international competition. In order to appreciate this trend better, it should be recalled that the contribution of the fishing sector in 1978 amounted to only 4.7 million UM.

M.Ø.M.: It is true, in the space of a year prices have almost doubled for certain species such as the cephalopods. During the same period last year the price was US\$ 2,500 per ton while in the last few months we have sold at US\$ 3,800 per ton. I feel that from here to the end of the year prices will stabilise at around US\$ 3,500 for this species which is very popular on the international market.

F.M.: On the production side you have mentioned that certain potential markets have not been investigated, which indicates that you have provided for a production policy; will the production itself be sufficient?

M.Ø.M.: I feel that there are not enough dependable studies, as far as I know, which allow us to calculate what our exact potential is, however, it is currently estimated, without exaggeration, at 80,000 ton per annum as regards so called deep water fish. At the present time we produce approximately 60,000 ton per annum. We therefore feel that we can reasonably meet the demands of all those

For a coast of 700 km, an exclusive economic zone of

de used on an annual	Dasis without risk
r-exploitation:	
<ul> <li>pelagic species</li> </ul>	440,000 tons
deep water fish	100,000 tons
<ul><li>cephalopods</li></ul>	42,000 tons
tuna fish	10,000 tons
<ul><li>white fish</li></ul>	10,000 tons
<ul><li>langoustine</li></ul>	700 tons
deep water shrimps .	4,000 tons

This estimate, which in no way can be classified as "pessimistic" is based upon that of the FAO and therefore remains controversial in the absence of a scientific evaluation of all our waters. Concerning this evaluation, we have called upon the cooperation of certain allied countries and, in particular, France who kindly replied to our request by returning its module in July within the framework of an agreement which provides for two annual evaluation campaigns for which France is responsible. Contacts have also been made with Canada and the United States. A meeting, under the guardianship of the FAO was held from 16 to 27 September 1985 in Naoudhibou concerning evaluation of the resources. The Centre National de Recherches Oceanographiques et des Peches (The National Oceanic and Fishing Research Centre) likewise benefits from the technical cooperation of the Soviet Union.

#### **Fishing Efforts**

As regards the year 1984, the fishing effort was split as follows for quantities declared:

pelagic species deep water fish 210,000 tons 58,000 tons

It should be noted that as far as pelagic species are concerned, the fishing effort was limited to 71/2 months as opposed to 12, which explains the low level of the figure indicated. This was due to the delay in the conclusion of the contract between MAUSOV and LA

Furthermore, given the poor marine surveillance to the south of Cape Timiris and on the open sea, the

F.M.: What about the infrastructure in Nouadhibou? M.Ø.M.: As regards the infrastructure, it is the SMCP who markets the produce; there are the fleets which bring in the fish, who call in and, when they berth, their boats are seen to by the SMCP and the fish becomes the property of the SMCP and is stored as its responsibility: there are land units which have been created over the last few years thanks to the readiness of the Mauritanian authorities in supporting the new fishing policy which is fundamentally based on the notion of unloading. Therefore there are sufficient land units, either refrigerated warehouses or factories, in order to make storage, handling and marketing of the fish possible without any problems.

To conclude, I would mention that we need the assistance of all our brothers and our friends and there are still many projects to be realised; thus the assistance of Arab funding and a certain number of sources of financing from allied countries would be extremely precious to us.





Taki ould Sidi Minister of Fishing and Marine Economy.

industrial fleet very often worked within the 3 mile boundary and could have carried out high value commercial transhipments of produce on the open seas. This situation makes it very difficult to give a fair evaluation of the real fishing effort in the waters under national jurisdiction. Successive drops in hauls over recent years would indicate that at least as far as some species are concerned, it would seem that an equilibrium has been reached. It has been noted however, during the June to September period, a return in certain species of high commercial value such as the octopus.

#### Training

In this field there are real and urgent needs, in particular as regards the training of senior staff on board vessels, technicians and research workers.

The total staff of registered Mauritanian marines amounts to 4,239. Those who have had proper training have been issued with marine record cards 12,438 marines); 400 others hold industrial fishing cards and 1,400 hold non-industrial fishing cards. 1,592 are simply taken on.

Marine refresher courses are held at the Centre Professionnelle Maritime de Nouadhibou (Professional Marine Training Centre in Nouadhibou). Financing for the extension of this centre has just been confirmed by the European Development Fund.

As regards training on the whole, two projects have been drawn up with the assistance of the FAO, and these should be operational in the near future.

For higher training, this could be looked after in the future by the Institut Supérieure d'Etudes des Sciences Halieutiques de Nouadhibou (The Nouadhibou Higher Institute of Fishery Studies) financed by the CEAO which is currently being constructed.

#### Action by the Department in 1985

1985 has for the most part been a year of observation, identification and evaluation of the restrictions which inhibit the harmonious development of the sector. This period of reflection has made it possible, within the framework of the general economic recovery, to define a coherent action programme and to integrate this programme into the overall development strategy citing clear, calculated objectives. It is in this direction that the tasks entrusted to the central and regional departments of the Ministry are orientated. 10 November 1985

Fathi Mahouachi

NOUAKCHOTT



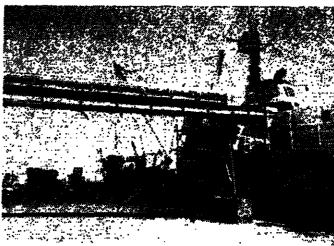
Unloading the SMCP product (usine en mer . . .).



Stocking up in an SMCP shop.



Inside an SMCP warehouse at - 30°C.



and . . . landing trozen fish bound for export

S.M.C.P.

Société d'Etat au Capital de 500 millions d'ouguiyas Nouadhibou - Avenue Médian Télephone: 22.81, 23.50 - Telex: 420 MTN B.P.: 259 NDB



# Traditional Fishing in Mauritania

Traditional, non-industrial fishing plays a major role in the economic life of Mauritania. It offers a strong job creation potential, the guarantee of a continued onshore supply and a domestic market. To ensure the development of this type of fishing, certain projects have been undertaken with the help of friendly countries and organizations

Japan was the first foreign country to help traditional fishing in Mauricania. It provided first-class technical assistance and two donations totaling 350 million ouguiys (\$2.67 million) between 1980 and 1983, fishing tackle (canoes, motors and equipment), two 2-ton cold storage rooms, a 2-ton-per-day production factory, and refrigerator and isothermic vans. Following a recent visit by the Japanese Agency for Cooperation, a request was made to the Japanese Government to continue giving technical and linancial assistance.

A \$700,000 donation by the Saudi Fund is belping Mauritania finance the following proiects:

the building and equipping of a construction and repair workshop for traditional fishing purposes at Nouakthe purchase of two allweather vehicles for the supervisory fishing staff. the purchase of 34 fully

equipped canoes. the recruiting of an expert in the organization of cooperatives, a project which, with the technical assistance of the UNDP, will facilitate the construction of 10 launches, 30 polyester canoes and 20 to 30 isothermic crates for preserving fish for the retail market.

appliances and increase their food self-sufficiency by ensuring a regular supply of fish. The Food and Agriculture

towns in the South and East of

Mauritania with cold-storage

Organization of the United Nations (FAO) is providing \$247,000 to improve traditional fish processing methods. This project has been in operation since October 1985.

The European Development Fund is financing two projects: the encouragement and guaran-



A 12,000 ton-per-year industry.

million ouguiya toward the financing of a cold-storage chain. The financial arrangements are currently being negotiated. This project, managed by SPPAM, will provide the main

Denmark is providing 500 tee of sea fishing, and the supply of drinking water to the Imraguen villages through the desalination of sea water by a solar process. The first project should begin very soon, and a committee has been selected to

10-ton ice factory at Nouakchott and a 2- to 10-ton inland undertake the study of the secisothermic room.

Furthermore, a 7 million CFA francs finance package was recently obtained for the desalination of sea water.

The FAO has agreed to contribute \$724,000 toward financing an on-the-job training program for fishermen. The agreement took effect in late September 1985.

As to the plan to create a non-industrial fishing port at the Baic du Repos at Nouadhibou, two surveys are in progress, one to be financed by FAC, the other by the Independent Port of Nouadhibou. Once finished, these two studies will be forwarded to Fades, which has agreed in principle to undertake the project. Equipment needs in Mauritania are currently estimated at 624 boats manned by roughly 2000 fisher-

The mission of the SPPAM is to promote traditional fishing. It was set up on August 2, 1983, by Mauricania (35%), cooperative and pre-cooperative fishing units (10%) and Mauricanian businessmen (55%). Ics investment program, carried out in 1984 at a cost of 28 million, covers a 30-ton processing plant intended to comple-

ment Noualchort's already-existing cold-storage facilities, a

Investing in a cold-storage complex at Nouakchott, planned between 1984 and 1987, will provide a freezing capacity of 20 rons per day, 800 to 2500 ton storage capacity, the production of 40 tons of ice per day and a motor repair workshop

SPPAM hopes to increase its storage and freezing capacity later on and set up a coldstorage chain inland. It has realized a turnover of 121,213,809 ouguiya. Activities have so far been limited to the importing and sale of fishing equipment and motors. It should be noted that Italy has shown some interest in cooperating with SPPAM. This cooperation might in the near future take the form of financial assistance and aid in fishing equipment and appliances.

Traditional-style fishing will produce an estimated 12,000 tons per year, half of which will go to the domestic market (essentially the South and Southeast of the country). Another 6,000 tons will either be landed fresh at Novadhibou and processed at the factories, particularly SOFRIMA and COMA-COPP, or exported to the Canary Islands and Schegal

# The Port of Nouadhibou

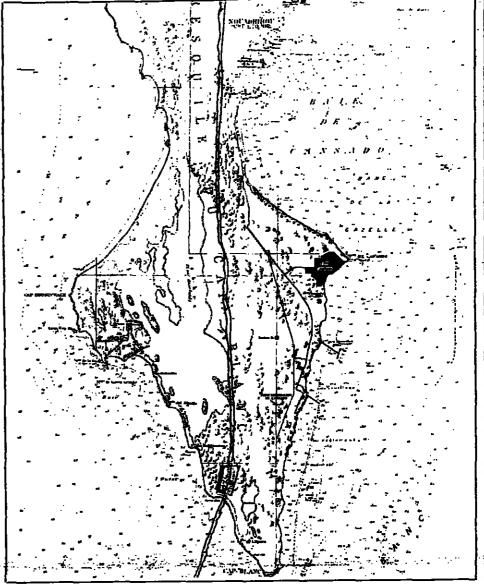
The development potential of Nouadhibou as a fishing port is considerable. The Port Mineralier de Cansado and the oiling jetty Des Mouettes are just five kilometers north of Cap Blanc (Ras Nouadhibou), tucked into the Bay of Levrier, but south of Pointe de Cansado and opposite the small village of Guera, on the Atlantic side of the peninsula. The town and port of Nouadhibou are 15 kilometers inside the Bay of Levrier, in the subsidiary bay of Cansado. Only the Banc de la Gazelle immediately north of the

Ships stay three kilometers offshore until almost due east of tive. Nouadhibou.

This large fishing port, located in some of the best 450,000 tons (in 1982, 325,442 stocked fishing waters in the world, can accept ships up to 24 94,330 tons of which were cefeet draught at any state of the ment) and there are plans to tide, day or night. There are develop a deep-water port. over 800 meters of quays Novadhibou remains Mauritadredged to more than six me-nia's only major port; the comters "alongside." Even the larg-missioning of Friendship Port est Russian and Japanese fish in 1987 will increase its imporprocessing ships can berth at trance both to Mauritania and to Nouadhibou, still the cheapest nearby West African countries.

Pointe de Cansado is a hazard. port on the West African coase. Its fish prices are very compen-

> There is a wharf ar Noualechort which has a capacity of tons of goods were unloaded,



#### SOMIS

#### Société Mauritanienne des

#### Industries du Sucre

SOCIÉTÉ D'ÉCONOMIE MIXTE AU CAPITAL DE 300 MILLIONS D'OUGUIYA SIÈGE SOCIAL NOUAKCHOTT-RILM

B.P. 671 Tél. 527-22-517-30 Télex 861 MTN Compte BMDC 998 et 822

الشركة الموريتانية لصناعة السكر شركــة ذات اقتصـــاد مختلط رأسمالها ٢٠٠ مليون اوقية القر الرئسي نواكثوط ـ ج. ا. م صب ۲۲۱ هاتف ۲۲ ۲۲۵ تلكس ٨٦١ م.ت.ن الحساب ۱۹۸۸ و ۸۲۲ ب.م.ت.ت



Abdoul Thiam Director General of SOMIS

S.O.M.I.S. was created by a decision from the Council of Ministers on 2 September 1984.

A mixed investment company composed of the State as the largest shareholder, with the company Sonimex and several private companies, S.O.M.I.S. inherited the situation of the ex-SOSUMA, the former Société Mauritanienne de sucre (Mauritanian sugar company) which cost Mauritania approximately 2 thousand million 'ouguiya' (main currency) and which at the outset had assembly line faults and the factory was closed in 1976; it reopened in 1980 with Algerian collaboration who extended a credit of 10 million dollars to Mauritania.

On 2 September 1984, Mauritania decided to reestablish it as the Société des Industries du Sucre (Company of Sugar Industries) (a service company), in fact the monopoly of sugar sales belonging to SONIMEX. SOMIS

carries out the conglomeration process for SONIMEX who supplies it with the raw material (crystalised sugar) and removes the conglomerated sugar. SOMIS has problems of a technical nature due to inexperience with the production equipment which was not a prototype and which stood for a long period without operating,

subjected to bad weather, sea winds, rust, etc... Nevertheless substantial progress has been made in this area and little by little, SOMIS is becoming fully experienced in the operation of this production equipment and is hopeful of overcoming all these difficulties over the next few years. The task before SOMIS is to supply the home market with sugar and its capacity has been established with this goal in mind. It like-wise hopes to be able to effect a horizontal integration in sugar production, from the cultivation of the cane up to production of the sugar in pieces. At the present time and on the insistence of SONIMEX, SOMIS in agreement with the State is looking

towards the purchase of a cubing assembly line which should produce 50 ton per day and which would commence probably at the beginning of 1987 if all the contracts can be signed during the course of 1985. SOMIS production was decided in accordance with SONIMEX; in the year 1985 it would produce 21,000 ton. In 1986, it would produce 30,000 ton. The factory capacity is 35,000 ton which only covers the needs of the home market.

The production price fluctuated between 15 and 17 'ouguiya' per kilo (1.50 FF to 1.70 FF).

S.O.M.I.S.



Loading a boat at Novadhibov.

#### **MAURITANIA STATISTICS** Capital: Nouakchott.

Average Temperature: January: 21° C; July: 28° C Geography: Mauritania is in the Maghreb ("West" in Arabic). Northwest Africa is more precise. Mauritania is a member of the 16-nation ECOWAS (the Economic Community of West African States); the Arab League; the OMVS (Organization for the Development of the Senegal River Valley) and the CEAO (the economic grouping of seven French-speaking

countries). Area: One million square kilometers (328,000 square miles), Population: Roughly 1.8 million as of November 1985.

Population growth rate: 1.6% at May 1985. By Air: Major airports at Novadhibou, Novakchott and Zouerate plus 30 small aerodromes.

Ports: At Naoudhibou, the fishing port and the port minéralier; the latter has a capacity of over 10 million tons per year. Main Resources: Iron ores and fishing.

History: Three quarters of the Mauritanian people are Moors (or Maures) of mixed Arab and Berber stock. They speak the Hassiniyya dialect of Arabic. The Bidan Moors are lightskinned and the Harattin are black. Religion: Islamic, Malekite sect.

Currency: Ouguiya (average 1984 exchange rare 63.803 ouguiya = 1 dollar).

# S.M.C.P.P.

#### SOCIETE MAURITANIENNE DE **COMMERCIALISATION DES** PRODUITS PETROLIERS

Mauritanian Company for Marketing Oil Products

Avenue GAMAL ABDEL NASSER P.O. Box 679 - Tel. 52651 and 52661 Tbc 849 MTN - NOUAKCHOTT Capital: 120,000,000 UM



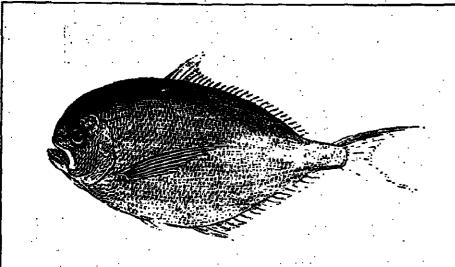
State company created by decree No. 80.171 of 21 July 1980 whose purpose is:

- to import, store, distribute and market oil
- to exploit, either alone or in association with other corporate or natural bodies, storage or distribution warehouses for oil products:
- to construct and manage units for storing oil products;
- to manage under its own name the shares whose ownership has been transferred to it by the State such shares corresponding to the State's participation in economic import activities concerning the storage and distribution of oil related products:
- to participate in all industrial, financial, commercial, mobile or fixed operations which may be related to one or other of the aforementioned aims;

this participation may take the form of the creation of of subsidiaries, subscription to or purchase of holdings, company rights, or otherwise;

- the SMCPP shall supply the country with oil products throughout the national territory, with 58 points of sale and 4 aviation depots;
- the SMCPP shall import and market butane gas at preferential prices reflecting the economic policy and the reconstitution of traditional sources of energy (charcoal) defined over the last few years by the State of Mauritania.

# Mauritania's Fishing Industry



A professional polyglor who previously produced Maintania's national plan — the Honorable Taki Ould Sidi — is now the minister in charge of fishing. The position of Ministre de la Pêche et de l'Economie Maritime has become a very impor-. eant one in Mauritania: fish revenues in 1985 are expected to exceed record iron one sales (Guelb and Kedja tonnages toral over 10 million tons).

Mauritania has done an about-face in the past several years. In 1977 foreign boars paid only \$3.5 million in fees on a fish harvest worth over half a billion. The loopholes are being closed one by one, and all the big fishing countries have formed joint ventures with the Mauritanian government through the umbrella fish organization, SMCP. In particular, the Samip agreement with Iraq is on the point of becoming operational, that of Mausov with Russia is new and operational, and that of Comecop with South Korea specializes in ry at Cité Cansado, seven kilo- discarded on the beach. Sea

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tuna, Almap deals with Algeria, MSP with Scandinavia, Simar with Rumania, and Salimauren with Libya and other Arab

"All production (ic. catches) carried out in Mauritanian waters must be unloaded and stored — at least one week — in Nouadhibou." It has yet to enforce this rule but is moving in that direction. Boats that fish quickly and then proceed to Las the know stick around, and the Palmas to unload may have a bumpy ride, particularly when the new surveillance system is in place. Mauritania is considering joining forces with Senegal to form a coast guard service patrol 200 miles seaward with MTBS, backed up by helicop-

ters and surveillance aircraft. However, it is not necessary to go 200 miles out to sea to catch fish off Mauritania, a country blessed with some of the richest fishing waters in the just a few motorized canoes. world. The fish are teeming just The fishing is so rich that her-100 yards off the SNIM hostel- ring and shark fins are just

meters south of Novadhibou. West African waters are indeed unique. The sun during the day heats up the surface water and then, as the land becomes cool-The SMCP has decreed that er than the sea, reverse currents draw the surface water below,

> harvest is colossal. Even in the early morning when the surface of the sea is coldest, some fish are easy to catch, and Senegalese fishermen sitting in Cansade cover need only paddle our 100 meters to fill their nets. Similarly, at Nouskchott, fishing off the beach alongside the Hotel Sabah is a popular Senegalese pastime. Over five tons of fish are brought ashore each evening by

the sea becomes agitated, and

seaweed and trace elements are

released. Most fishermen have

returned home by then, and fish

come our from their lairs and

feed. Of course, fishermen in

brezm (2150 known 25 daurade or danton), red snapper and grouper are the most typical catch. All these are pelagic, or surface, fish and represent

million tons per year. The practice of freezing fish is relatively new to Mauritania, and the notion of fresh fish is somewhat open to interpretation. With today's freezer ships operating offshore, six-weekold fish are considered as fresh as a daisy. Only long-frozen fish develop a woody taste, Today's buyer, wary about

about 75% of the total catch in

Mauritanian waters — over one

the freshness of the fish, is very demanding about packing standates. Fish have to be pressed to a certain "load" and in a certain way and to set dimensions. On the docks at Novadhibou, fishing trawlers are often fitted with the latest packer/compressor equipment. Machines like the Maquinaria Herramientas of Vigo, Spain, have an rpm range of 64 to 920 and force all types of fish into near 20-kilo ice blocks. The fish are stored into these blocks on board, and only when the freezer boat reaches Nouadhibou are the blocks brought ashore and packaged. They are put into cardboard boxes, typed and dat-

The majority of fish landed ar Nouadhibou are Cephalopoda fish. All become property of the government-owned Mauritanian fish marketing organization, SMCP (Société mauriranienne de commercialisation de poissons). Pelagic surfacedwelling fish such as the sea bream, red snapper, shark and grouper are fished from small boats. The catch is then transferred to larger boats that bring the frozen fish to the quay at Mouadhibou. But it is quite common to see Demersal fish too, the bottom-dwelling Cephalopoda varieties like squid and octopus. In 1980 one ton of Cephalopoda fish in Novadhibou could be bought for \$1500 and sold in Europe for over \$7000. In 1985, the market price in Nouadhibou for Cephalopoda fish reached \$3800.

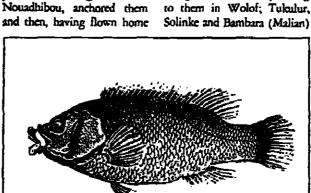
Nouadhibou remains a relativecheap fishing port.

There are also fish like tuna, lobster and shrimp, and certain countries have made one or the other their specialty. For exampie, the North Koreans are expert in hunting schools of tuna in West African waters and have virtually monopolized this market. Herring also prefer to move together in schools of fish, and the government is looking at the latest fishing boat designs to see how the earch can be increased. The Dutch recently invented a ship that simply sucks great quantities of sea and fish into its hold and then expels the water. The West Geomans have improved the design and it is now possible to buy one of these large fishing trawlers for \$18 million and to catch and pack a thousand tons of high-priced tuna in just 14 days with a crew of 15. In the rich waters of Mauritania it is sometimes possible to make such a catch in one week. The technique is to use sonar and surround a feeding school of tuna with ners and then suck

all of them into the trawler. At the opposite end of the normadic Mauritanians to get

scale, old worn-our and rusty fishing boats remain a problem. In the past, some foreign companies have brought boats to Nouadhibou, anchored them

used to a sea-going life. Non-French-speaking Mauritanians can generally converse with the Senegalese fishermen by calking



the crews, abandoned the boats to the elements.

Fishermen in the Novadhibou harbor are a disparate lot, but North Koreans, Spanish and Japanese provide the backbone. There are many Mauritanians working on the quays as crane drivers, etc., but few so far who put to sea as fishermen; it will take another ten years for

are other African languages often used around the port of Moundhibou

Onshore freezing capacity reached 8,000 tons in August 1985. Meanwhile, the Friendship Port, scheduled to open in 1987, is expected to handle half a million tons of general cargoes for Mauritania and trading with landlocked neighboring West African countries.

Besides its joint ventures, SMCP cooperates with various fishing companies that now back up the Nouadhibou fishing operation. Fizp, Sofrima, Samma, Smaip, Almpa, Mausov, Simar, Salimaurem, Matema, Comar, Siap, Somacop, Sipeco and Smf provide loading and handling equipment, marine studies, commercial and industrial operations, chandlering, transit storage, charterage and lighterage, freezing and freezer boars. The SMCP realized a turnover of 1 billion ouguiya in 1984 (63.8 ouguiya = \$1), and operates over 80 boats under the Mauritanian flag. Mr. Mohamed Ould Moctan, the managing director, reports directly to the Minister of Fishing and Maritime Economy and is in direct personal contact with all the buyers. His greatest success has been in setting up joint ventures with all the main trading partners. Another major figure in fishing at Novadhibou is Mr. Mohamed Salem Ould Sidha, the president of FIAP and director-general of SOFRIMA. He has beloed considerably in exploiting available

ish resources effectively.

## **Mauritania's Supply of Fishing Boats**

Following is the breakdown of fishing boats currently in use in

waters under Mauritania's jurisdiction - 94 national vessels, 62 equipped with freezing rooms and 32 industrial or semi-industrial ice-boars, all landing at Novad-

hibou. Mauritania's equipment consists of old units. - 52 deep-sea boars chartered by the mixed companies of

Mausov, Simar and Samip. 41 deep-sea boars and various others chartered by companies,

or nationals landing at Novadhibou. -89 foreign vessels with licenses, broken down as follows:

 five South Korean boats fitted with freezing equipment and operating under an agreement with South Korea. seven South Korean boats fitted with freezing equipment and operating in accordance with the minutes signed with the Daerim group on August 16, 1984.

 three Algerian ice-boats conducting sales at Almap. •23 tuna or tunney fishing boats (4 Senegalese and 19

French for the Lagun Arteau cooperative).

• 15 cod-fishing boars that belong to the Spanish unit known as the "Co-operative Cadix."

• 10 lobster-fishing boats for "France-Langouste." 21 shrimp-fishing boats, 18 of which belong to the Spanish unit known as Anamar and three to the Seneralese

• three deep-sea vessels for the Iraki company, CLP.

• two deep-sea boats for the Nigerian partners of Sofrima. To this fleet should be added an as yet unspecified number of cold-storage boats (fresh fish) chartered by Mauritanian nationals as part of the agreement recently concluded with Portugal.

The most important plans for change in Nouadhibou's infrastructure have to do with the naval repair base, the extension and reorganization of the Port Autonome and the improvement of the Baie du Repos.

The necessity and urgency of the naval repairs base project are evident to all. Initial contacts for funding have been made with the Kowait Fund, the World Bank and the Caisse Centrale de Coopération Economique, all of which have expressed a certain interest in this project. A note sent in May to the Kowait Fund updated the economic data and cited the essential technical elements contained in the feasibility study realized in 1980 by the Anglo-Saxon firm Kingston Marine Technology. This note is in preparation of a meeting to be held on the development of fishing in Mauritania and to which the above funding organizations have been invited.

Similarly, an agreement has been signed with the French firm Sofremer to finance, through the Caisse Centrale de Cooperation Economique, the dimensioning of the future base and the reorganization of Nouadhibou's Port Autonome. The team charged with realizing this study went to Mauritania in late October.

# 25 Years After Independence

Director General of SNIM.



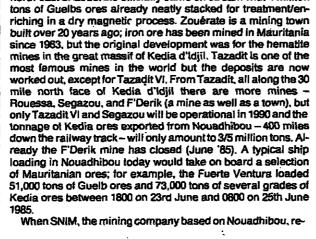
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NOUAKCHOTT REPUBLIQUE (SLAMIQUE DE MAURITANIE

## IRON ORE IN MAURITANIA

and the commence of the contract of the contra

On 12 July 1984, the El-Rhein Guelbs iron ore processing plant alised that the Kedia ores would be exhausted well before the Mohamed Salem ould Heine



north east of Zouerate officially came on stream with 4 million end of the century, it knew it would have to develop Guelb ores at the 81/82 rate of 6.5 to 9.5 million tons per annum. In 1986, Mauritania budgets to sell over 10.000 tons of various grades of ore in toto.

Guelbs are mountains of iron protruding through the desert plateau north and north-east of the Kedia d'Idjit massif; these black quartzite 'rocks' rise as high as 675 meters (Atomai guelb) above sea-level and are 35/42 per cent magnetic quartzite iron ores. The first two guelbs picked on for development were El-Rhein (490 meters when 'levelling' work started - the iron plug descends into the plateau so the El-Rhein guelb mine will soon be worked as a hollow after the mountain top has been dug away) and Ourn-Arwagen, start-up set for 1989/1991, dependant on the development of Guelb ores' demand. The first train of Guelb ores only reached Nouadhibou in November 1984 and Guelb sales in 1985 are not expected to make a major contribution to the projected 10 million tons of exports in 1985

1986 will be the first major Guelb ores' year. Long before the switch that set in motion the primary crusher, the Aerofalls and the magnetic separation plant, was operated, giant 80 ton capacity trucks were carting El-Rhein Guelb ores down to the first stockpiles and the summit of the Guelb had been sliced off completely. The enriching plant is sited close to the Eastern side of El-Rhein and just 10 kms from the second Guelb, Ourn-Arwagen. Now Mauritania can look forward to producing and selling up to 15m tons per annum of Guelb and Kedia ores - a reasonable target for 1989/1990 Sixty-six millions tons of Guelb mountain has to be dug away to produce 33m tons of Guelb ores and then the plant enriches

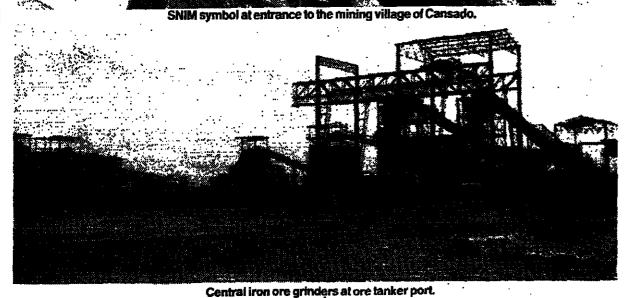
crushing it and extracting the ore element magnetically - mercifully a 'dry' process. Kedia ores are non magnetic and the lower grades would need millions of gallons of water in an enriching process, and there is no water

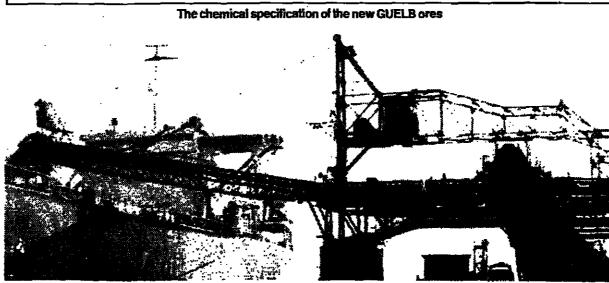
El-Rhein is close to Zouerate so, for the Guelb develo it was possible to use the existing infrastructure. More workers' houses were built in Zouérate and also a road N/NEastwards joining the El-Rhein mine and plant to the Kedia ores complex at Zouerate. A railway was also built northeastwards from F'Derik to El-Rhein as a spur line. Naturally, 400 miles away in Nouadhibou, a refit was carried out to receive the Guelb ores - three trains a day should be normal by 1987 and tonnages are steadily increasing from 7.4mt in 1983 through 9.5mt in 1984 to over 10mt in 1985. Dependent on the economies of Europe, the USA and Japan, the 10m tons high-watermark should be passed in 1985/86. Saudi Arabia, Kuwait, Abu-Dhabi, Japan, ABD/BAD, OPEC, EC, World Bank, Iraq, Morocco and France have all put money into the SNIM/Guelbs project. It is a great tribute to SNIM management that there were no overrruns and the work was completed within the set Dollar tramlines (\$450 million maximum) There is nothing to hold Novadhibou back from exporting over 14mt of iron ores a year, the record month to date was May 1983 with 1.28mt and work programs currently cater for 6 ships in one week. Mauritania's major iron ore customers are Italy, Belgium, France and the United Kingdom as the table demonstrates.

E	xports of ore to 4 le	ading custo	ners
1978	Ţ	1985	1984
1.45	ITALY	2.32	2.87
.51	BELGIUM	1.55	2.23
2.20	FRANCE	1.65	2.19
.88	U.K.	.69	1.02
6.50mt	ALL MARKETS	7.40mt	9.52mt

this from 37/42 per cent to 65/66 per cent 'Fe' iron ore by mt = Millions of Tons

	FeT%	Fe++%	SiO2%	Al <sub>t</sub> O,º6	P%	S%	d50 ( )	% de 150
GMAB	66	18	7	0,3	0,015	0,012	370	20
GFM	65	6	6,5	0,5	0,02	0,012	400	13





Loading of ore tanker at SNIM ore tanker port.

الشركة المدولية للصيد البحري والتجمارة Société Internationale de Pêche et de

**Commerce** 

ش. د. ص.ت. S.I.PE. CO.

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RC 447 Boîte Postale 243 Téléphone: 20-86 **Télex: 417** NOUADHIBOU-MAURITANIE

# SAMMA

SOCIETE D'ACCONAGE ET DE **MANUTENTION EN** MAURITANIE

SOCIETE ANONYME CAPITAL 36 000 000 UM-RCNOUADHIBOU No 104 SIEGE SOCIAL - NOUADHIBOU REPUBLIQUE ISLAMIQUE DE MAURITANIE

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Directeur Général: Mohamed La

Bureau Correspondant Tour Atlantique (Paris La Défense)

Adresse Postale 6-42()8) Paris la Défense Tél.(1) 775-15-11 Téleg. SAGAMALLE PUTEAUX Télex, 620558 ARMEMEN



been measured in some parts of

Still, a few larger oases do

support some forms of agricul-

tural activity, Arar being a main

one. Herders raise goats and

camels, and some oases produce

tree products like dates and

gum arabic, which comes from

the sap of certain types of acacia

tree. A few oases even support

millet-growing, though on a

Most of the other third of

Manritania is Sahelian land

Twenty years ago, the area used

to support many people who

grew millet and sorghum and

raised goats, sheep and cattle.

Drought came year after year,

though, and herds were deci-

mated. When enough succes-

sive crops failed, many people

Often one reads of a 17-year

drought in Mauritania or of

similarly lengthy dry periods in

other countries. Drought,

though, is perhaps not a strong

enough word for what is hap-

pening in the Sahel. Experts

consider 250 millimeters of

rainfall a year the bate mini-

mum - the difference between

marginal land such as the Sahel

and unproductive true desert

land like the Sahara. In Mauri-

tania, that line has moved 200

kilometers southward in the

past 20 years. This means that a

strip of land 200 kilometers

wide and potentially running

the entire 1,000-kilometer

width of Mauritania - an area

of 200,000 square kilometers, of

one fifth of the country's entire

surface area — has changed

still moving southward today.

It therefore falls to the the-

mana - that narrow strip of

land along the Senegal River -

Manritania.

small scale.

left the land.

For the farmers in Mauritania's els. No rainfall at all has ever to produce most of the counmain agricultural area, along the southern border, 1986 could be a happier new year indeed. An important new dam at the mouth of the Senegal River will stop the incursion of salt water washing back in from the At-

The Djama dam, built as part of the work of the Organisation pour la Mise en Valeur du Fleuve Sénégal (OMVS), has just been completed ahead of schedule by mainly French and Spanish contractors. Finance for the \$156 million dam came from several Arab donors - Abu Dhabi, Kuwait and Saudi Arabia - and from France, the Abidjan-based Altican Development Bank (ADB) and the ADB's concessionarylending arm, the African Development Fund.

Salt-water incursion has caused severe damage to cropland in previous years when drought occurred. In 1983, for example, Mauritania's total rainfall was only 27 percent of the average level for the period 1940-1971. With less water coming in, the volume of the Senegal River fell dramatically, and the force of the flow was not strong enough to prevent salt water from the ocean from washing in with the tide over vulnerable croplands. This has occurred in other years as well.

The Djama dam, on the river's delta, now halts the inflow of salt water even when the river level is very low upstream. It also forms a reservoir for

rance to Mauritanian agriculture. Only a small proportion of the country's total land area is usable for agricultural purposes. The Sahara Desert covers two thirds of Mauricania, and much of this land has too little vegetation even to graze cam-

Imigation is of vital impor-

try's food and cash crops. Measuring some 10-25 kilometers wide and running about 400 kilometers long, the chemana can, given favorable conditions, produce miller, sorghum, paddy rice, beans, vegerables, groundnuts, sweet potatoes, yams, and even com, wheat and barley. Official figures for the 1985 crops are not yet available, but it is widely expected that the miller and sorghum crops will have risen perhaps threefold or more from 1984's drought-reduced level of just 12,000 metric tons. The 1981 output of

The Rome-based United Nations Food and Agriculture Organization (FAO) has no fewer than 15 projects under way in Mauritania at the present time. They range from providing fertilizers to subsistence farmers to establishing seed farms, funding a system of agricultural credit, rehabilitating pumping systems for existing irrigation systems, controlling cattle parasites and diseases and improving fish-processing techniques (see related articles on the fishing sector).

currency unit (ECU) (\$1.7 million) project to build small dams in the Hodhs region.

The Fédération des industries et armements de pêche (Federation of the Shipowner and Fishing Industries) was created on June 14, 1982, and is one of the members of the Confederation générale des employeurs de la Mauricanie (General Confederation of Employers of Maurica-

from marginal land to umisable land. And that ominous line is Several projects are under way to halt desert encroachment by planting grasses on shifting 61 members.

zation, FIAP has as its objective solution.

the defense of the material and moral interests of its members. In addition to these duties, it works for the promotion and development of this sector through studies and research. It acts as a binge and a "drive belt" between the economic operators and civil authorities. It informs the former of the policy of the national administration, making them aware, mobilizing them and encouraging them to contribute. It confronts the latter with problems endling, suppliers, marine. It has countered in the sector and acres in conjunction with the appropriate authorities toward their

Top left, the pale-skinned Touareg peoples take care not to expose their skin to the sun. Top right, nomads set out in the desert. Above, a Mauritanian milkman on wheels draws off a measure of milk. Left, drinking tea to wash away the dust of a long day's traveling. Middle, a typical Mauritanian

Several small-scale irrigation schemes will soon be implemented in southern Mauritania. The World Bank's soft-lending affiliate, the International Development Association (IDA), extended in 1985 a credit of 7.7 million special drawing rights (SDRs, equivalent to \$8.2 million), which will partially finance 75 irrigated plots of 20 to 25 hectares each to benefit 2,900 farm families and produce 10,000 metric tons of grain annually. The French are funding a similar scheme involving 82 plots at Bogné, and the European Development Fund is now both grains was 67,000 memic appraising (Binnie and Partners of the U.K. is conducting the study) a 2 million European

> Mauritania's economic planners have made it clear that they regard agricultural development as a top priority. Further projects along the lines of these are expected in the coming few years that will give the Mauritanian farmer a better chance of harnessing nature, rather than falling victim to it.

Linda Van Buren

A professional organization. it includes all the traders within the field of fishing and allied sectors: shipowners, land industries, deposit agencies, ban-

Like any syndicated organi-.

Islamic Republic of Mauritania

#### THE FRIENDSHIP PORT OF NOUAKCHOTT

This port, with a capacity of 500,000 tons, will be made up of

a) WORKATSEA - an access bridge 730m long

and 13.5m wide -a docking quay of 585m which can receive 3 ships simultaneously with a capacity of 10,000 to 15,000 tons. – a jetty.

b) LAND INSTALLATIONS: -2 buildings, one for the Port Administration and the other

Director General of the for the Police and Customs;

 A garage
 An infirmery and a rest room for workers
 50,000 m² of tarred raised areas for the storage of products in the open air Lighthouse: this is the highest part of the Port.

The putting into service of the Friendship Port, planned for 1987. will allow Mauritania to not only unload all its imports, but also, and above all, will give the land-locked countries of the sub-

#### Maritime Establishment and Project for a Deep Water Port in NOUAKCHOTT

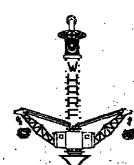
Created to meet the import and export requirements of our country and therefore reducing its economic dependence visà-vis foreign countries, the task of the wharf in Nouekchott was to unload 50,000 tons annually, with this figure capable of being increased to 100,000 tons by the strengthening of existing

in 1968 the first extension of the Wharf took place for an investment of 83,081,704 UM from the EDF; the second took place in 1975 for an amount of 84,401,137 UM from the CIO and the last was to become a reality in 1961 with the construction of the cement-manufacturing docking wharf. This construction cost the Cement Company of Mauritania a sum of 12 million

After this last extension, the annual unloading capacity of the Wharf is 450,000 tons.

In 1982, 325,442 tons were unloaded, of which around 94,336 tons of cement is the largest figure ever achieved since the

E.D.F.: European Development Fund C.I.O.: Crédit industrial de l'Ouest (Industrial Credit of the West)



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# WALL STREET WATCH

THURSDAY, DECEMBER 19, 1985

# There's Still Year-End Rally **Under the Christmas Tree**

By EDWARD ROHRRACH

ARIS — With stocks staging one of the strongest quarterly advances in history, Christmas has come early to Wall Street. But investors probably haven't opened all their presents yet. Still under the tree is the year-end rally, a

phenomenon the market perennially celebrates.

"Year-end rally!" chuckled Philip Roth, technical analyst at
E.F. Hutton. "The year-end rally began the end of September!"
Yet he remains impressed with the stock market's momentum

and does not see any reason why Santa Claus won't come by again this year Some analysts call

this the most

time of the year.

erratic, unpredictable

though "overextended" stocks, the recent hottest performers, are not expected to participate so avidly.
"In 1985 the market's been

driven higher by the institu-tions," Mr. Roth said, "with the public heavily on the sell

However, for the first time this year he noted buying recently in the firm's margin accounts and thinks individual investors proba-bly are becoming tempted again by Wall Street's tinsel. "The combination of tax-selling abating just before Christmas and the impressive gains already made by stocks should encourage the public back in," Mr. Roth said.

UT HE WARNED that if Wall Street does not rally at the year-end, or at least by the first weeks of January with the help of normal reinvestment demand that develops then, "It will be distinctly negative for the stock market."

Joseph Granville, a market adviser, thinks in a pessionistic minority view: "Any further rise now will simply borrow from a year-end rally, and the market would risk a major top in Decem-

G. Stanley Berge, market analyst for Tucker Anthony, added: "Anyone who has carefully studied market action during Decembers knows that it is by far the most erratic, upredictable,

frustrating period of the year."

No aignificant year-end rally is expected by Peter Stevense, director of equity research and fund management at Amsterdam's Bank Mees & Hope. But he does not see Wall Street

"Institutional window-dressing — buying more of the high-performing blue chips that will make 1985 portfolios look best — should easily maintain U.S. stocks at their current high level," he

Moreover, Mr. Stevense judges investor confidence is strong, reflecting moderate growth for the economy with low inflation and interest rates. He added that people are also buying stocks and interest rates. He attack that people are also belying stocks because they think corporate profits, after a "disappointing" 1985, will accelerate in the next two years.

"Plus, there's a lot of cash around, and among the investment alternatives, only bonds are competitive, but equities are still more attractive," he said.

However, Wall Street's advance has probably been too rapid, and Mr. Streetes thinks a correction in likely in January or

and Mr. Stevense thinks a correction is likely in January or February. Triggering it, he said, could be continued delay by the Federal Reserve in cutting the discount rate.

Federal Reserve in cutting the discount rate.

If the U.S. economy does continue to grow only moderately, Mr. Stevense prefers "technology in its broadest sense" as the area on Wall Street to invest. This includes drug stocks with a biotechnology kicker, such as Bristol-Myers and Merck, in addition to issues ranging from International Business Machines, Digital Equipment and Texas Instruments to Avnet and AMP Corp.

Multinationals he cited are Coca-Cola and McDonalds. He

multinationals he cited are Coca-Cola and McDonalds. He

multinationals he cited are Coca-Cola and McDonalds. He

also gave a nod to telephone utilities, notably the Bell group.

Martin Zweig, editor of Zweig Forecast, calls this by far the
most significant seasonal period of the year for Wall Street and
points out that it is the only one with a strongly upward bias for more than just a few days.

(Continued on Page 21, Col. 4)

#### **Currency Rates**

88877 0.4103 2.7882 6.7876 1.782.39 2.459 44.7284 1.592.3 174.855 1.000 0.76271 2.73121 8.78066 N.Q. 3.9823 55.906 2.2532 279.241

Currency per U.S.5 Alexi, pean 460.00 Henry, Icrone 7.4925 Pall, pean 17.80 Port, escuelo 159.00 Spedi riyel 3.4513 Sies, S. T. rund 2.4667 S. Afr. rund 2.4667 S. Kor. won 272.52 Carrancy per U.S.S File, survivin S.4725 Greek druc. 159.45 Hones Kones F 7.404 Indicar repose 12.1655 Inde, repolati 1,125.00 Iright B. 0,813 Israeli shek. 1,484.00 Khrushii dham 0.2004 Medine repo. 2,43

E Storting: 1,142 (rish c Sources: Bacque du Beneku: (Brussels); Banca Commerciale Hellono (Allina); Chémical Bank: (New York); Bacque Nationate de Paris (Paris); Bank of Takyo (Tokyo); IMF (SDR); BAH Idhar, riyol, dirhon); Gospink (ruble), Other data from Rauters and AP.

# **Interest Rates**

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815/16 815/16 11½ 11½ 11% 12% 113/16 113/16

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**Gold** 

U.S. Money Market Fw

320,90 229,86 322,63 320,85 321,19 319,90 Lemenboure Peris (725 kilo) Zurich Londos New York Luxembours, Paris and Landon official fix-ings; Hong Kang and Zurich opening and closing prices; New York Comex current contract, All prices in U.S. S per ounce.

# Japan **Ends Rate** Support

Will Let Levels Move Naturally

Compiled by Our Staff From Disposities TOKYO - The Bank of Japan has scrapped its policy of propping Japan's short-term interest rates, the central bank's governor, Sato-

shi Sumita, said Wednesday. At the same time, Prime Minister Yasuhiro Nakasone told an economic policy advisory committee meeting that the climate was now favorable to lower interest rates through international cooperation.

Mr. Sumita said: "The bank understands that it can now let shortterm interest rates move naturally by altering the stand of keeping the rates at a high level."

He said the economic environ-

ment permitted such a change, as the yen-dollar exchange rate had stabilized in favor of the yen and U.S. interest rates were coming

The interest-rate policy was introduced Oct. 26 to raise the value of the yen. The announcement triggered chaos in Japanese money markets and pushed the yea sharp-ly higher against the dollar. Monetary sources said that if

hort-term interest rates were maintained at their current high level, they would keep corporate borrowing costly, hampering Japan's economic growth.

According to Japan's Jiji news agency, Mr. Nakasone said that wer interest rates are important for Japan, which wants to expand domestic demand.

But Makoto Kuroda, who heads the International Trade Policy Bu-reau of the Ministry of Internation al Trade and Industry, predicted Tuesday that, despite efforts to shrink its hoge surplus with the United States, Japan would contin-ue to record substantial increases in exports and declines in imports.

He said Japan's policies will remain geared to making Japan's do-mestic markets more accessible to imports, but he expected that "we will be criticized for continuing to increase our exports because that situation will continue."

Official sources reported Wednesday that Japan will aim at an inflation-adjusted economic growth rate of 4 percent in fiscal (AFP, Reiders, NYT)



The New York Times Commodore Amiga, right, shown with Atari 520 ST at San Leandro, California. store.

# Commodore, Atari in Showdown

**Battle of New Computers May Decide Who Survives** By Andrew Pollack
New York Times Service

SAN FRANCISCO - To demonstrate the capability of its new Amiga computer, Commodore often displays on its screen a surprisingly realistic picture of a colorful bouncing ball. So it was a deliberate challenge when, at a recent trade show, rival Atari placed its new 520 ST computer beside the Amiga — and displayed on its present a victual. the Amiga — and displayed on its screen a virtually identical bouncing ball.

But there was a major difference: "Amiga, \$1,795" read the sign under the Commodore product. "Atari ST, \$999," read the Atari sign.

"A picture is worth a thousand words," said Jack Tramiel, chairman and chief executive of

The biggest battle between these two companies, and the newest skirmish in a jaded computer market, has begun. Commodore International Ltd. and Atari Corp., fierce competitors for years, are challenging each other — as well as the industry giants, International Business Machines Corp. and Apple Computer Inc. — with these two flashy machines aimed at business as well as home users.

For both companies, success with these products is vital if they are to remain in business. Yet there is a feeling within the industry that only one product

The two computers are the major new ones on the scene for this year's holiday buyers. Both are selling well, according to the companies and their retailers, except that both computers have arrived on the market too late and with too little software arrivable to make a hig deat in the market this available to make a big dent in the market this

tion of the two newcomers are still limited, and many machines are being bought primarily by computer enthusiasts. Hence, the battle will actu-

ally be decided after Christmas, when production volumes rise.

The main attraction of both the Amiga and the ST is their color-graphics capability at a relatively low price, especially for the business user. Many in the industry say that the Amiga, which sells for \$1,300 without a monitor or \$1,795 with one, is

more impressive technologically than the Atari.

But the Atari machine, at \$999 with the color monitor, or \$799 with a monochrome one, has the

Atari, which reached the market in midsummer, has sold about 50,000 machines to dealers and expects to ship 50,000 more by the end of the year, according to Mr. Tramiel. But more than 70 percent of Atari's sales have been to dealers in Europe, where the machine has been accepted more readily than in the United States, Mr. Tramiel said in an interview. "I'm not happy in the United States," he

Commodore began shipping Amigas at the end of September, but supply has been limited and delivery of monitors has been slow. Company officials and some analysts estimate that the company will ship 40,000 to 60,000 by the end of the year. But Charles Wolf, an analyst with First Boston Corp., says Commodore might ship only 20,000 to 30,000 machines by the end of the year. So far, however, because of limited supplies, the computers are selling as fast as Commodore can

To sustain early momentum, however, both computers need more software and wider distribution. Thus, in addition to battling for consumer purchases; they are competing for the support of software writers and dealers.

"It reminds me of a presidential election," said Trip Mawkins, president of Electronic Arts, a (Configued on Page 21, Col. 1)

# Japan Gingerly Grasps the Auto-Export Nettle

TOKYO - Reluctantly, Japan has begun to grapple again with an issue that has few rivals in potential to poison trade relations with the United States - whether to extend quotas on exports of automobiles. The current program, which holds sales to the United States to

2.3 million cars per year, expires March 31. But already, manufacturers and government are gearing up for closed-door consultations that could continue right up until the deadline. They hope to avoid a replay of

quota by 24 percent provoked angry cries from Congress and helped push the two countries' trade relations to their lowest point in years.

Many officials in Tokyo concede that the timing and tone of that announcement was a public relajust, as a step toward free trade.

Now they must decide again. wave" across the Pacific. That out thinking them through. Mr. "We should learn from history and would further drive up a U.S. trade Murata, in any case, is widely exexperience," said Makoto Kuroda, head of trade policy at the Ministry of International Trade and Industry. He said no consultations were under way yet, and, noting the ex-treme sensitivity of the issue, said: "Better to keep quiet."

Last week, Japanese newspapers

carried brief articles on inside pages quoting an unnamed senior official at MITI as saying that quotas would not be extended, though he said Japan would reconsider in the event of unspecified "big changes" in the general situation.

The story attracted only minor last spring, when Japan's an-nouncement that it would raise the attention in Tokyo. In many ways it simply reiterated Japan's official position that the quotas are an aberration and must end as soon as possible. The reported reference to "big changes" left adequate leeway for communing the restraints.

In Congress, however, the retions flasco. But they maintain that marks drew strong condemnation the decision was fundamentally and seem to have been read as a and seem to have been read as a called it a case in which a politician

deficit with Japan that this year is expected to total about \$50 billion. Adding 100,000 cars to the quota, for example, would add around \$800 million to the deficit.

A MITI spokesman quickly de-nied that any decision had been made. In view of the sensitivity of the issue in Washington, it seems likely the decision, like last spring's, will be made at the elev-MITI spokesmen also pleaded

ignorance about who made the statement. But industry and government sources say privately that it was the minister of international trade himself, Keijiro Murata, speaking on background with the reporters who regularly cover him. Some foreign analysts in Tokyo

labeled the story a trial balloon. One Japanese official, however, saying Mr. Murata's statement was in response to a reporter's question, formal decision for a new "export had fired off emotional words with-

pected to leave the job in a routine cabinet reshuffle soon.

The quotas began five years ago to give the U.S. automobile industry time to retool and recover from the dark years of the 1970s. The "voluntary restraints" were in the-ory a unilateral initiative of Japan, but in fact grew from consultation with Washington. Originally a three-year program, they have twice been extended by one year.

The Japanese contend the quotas' purpose is now accomplished. The U.S. automobile manufacturers have completely regained their strength and the unemployment rate is going down," Shoichiro Toyoda, president of Toyota Motor Corp., said at a news conference Tuesday.

Mr. Toyoda and others complain that the restraints are in force at a time when the United States is pushing Japan to dismantle barriers to imports in its own market. (Continued on Page 19, Col. 4)

reporters. "We found that a policy

# **Latin Debtors Ask for Lower Interest Rates**

By Alan Riding

(مكذامنه للصل

MONTEVIDEO - Latin America's leading debtor nations have proposed a set of "emergency measures" to alleviate the region's fiscal crisis, including a reduction of

interest rates on their debts. The proposal was made Tuesday night at the end of a two-day meeting in Uruguay that was attended by foreign and finance ministers of the 11-nation Cartagena group, called together to prepare the region's response to a recent U.S. debt initiative known as the Baker

The proposal also contained a call for new loans from commercial banks and for a softening of credit conditions of the kind frequently demanded until now by the International Monetary Fund.

A five-nation committee, made up of Brazil, Mexico, Argentina, Colombia and Venezuela, was formed to follow the progress of the plan and to propose "alterna-tive measures" if its objectives are

not fulfilled. Apparently anticipating negative reactions to the proposals, Argentina's economy minister, Juan Sourrouille, insisted that this was not a step toward formation of a debtors' cartel. "We are not threatening anyone," he said. "We are proposing a constructive dialogue."

The proposals are expected to face resistance from some creditor governments and banks that until now have renegotiated an important part of the region's \$360-bil-lion debt but have been unwilling to reduce interest payments.

After meeting in private for two days, the region's finance and foreign ministers focused their arguments on the need to channel current interest payments toward

They said that they anticipated zero economic growth for the region this year, while \$32 hillion would leave Latin America in the form of debt servicing.

To achieve an economic recovery, the ministers proposed not only a reduction of interest rate-to historical levels," but also provision of new commercial credits with banks reducing their profit margins. They urged banks to maintain their "real exposure" in the region by providing additional loans to compensate for inflation.

Further, while not formally endorsing Peru's decision to limit in terest payments to 10 percent of its earnings from exports, the maniters proposed a ceiling on capital outflow linked either to grow to rates or export levels,

"It's quite apparent that if we pay full interest, we will have to accept more unemployment, more bankrupt industries and more violence," said Peru's economy miniter, Luis Alva Castro, "The only way out is to pay less."

Looking for new sources of carpatal, the Cartagena group also pro-posed a 20-percent increase in loans by the World Bank and other international financial organizations over the next three years.

The group said the United States had taken "a positive step" in pro-posing the Baker plan, which offices to channel \$29 billion in new credits to 15 heavily indebted natural through 1988, but it added that this was "insufficient." The plan is named after the U.S. Treasury secretary, James A. Baker 3d.

Other members of the Cartagena group, which takes its name from the Colombian city where the debiors first met in June 1984, are Bolic, Ecuador and Uruguay.

# **EC Unveils Program** To Revise Price System

BRUSSELS — The European Community Commission unveiled plans Wednesday to overhaul the

to encourage the retirement of farmers over 55 years old, cash aid to farmers who adopt environmentally-conscious methods, more-difficult access to guaranteed prices, and protection of forests from agricultural land usage.

Farm lobbyists and agricultural experts based in Brussels criticized the proposals for failing to include precise details, even after six months of debate, and said more far-reaching schemes first pro-posed had now been dropped. Outlining the reform initiative at

a news conference, the agricultural commissioner, Frans Andriessen of the Netherlands, said the broad aim of the package was to introduce more market-oriented policies while at the same time accepting that price cuts alone could not solve the key problem of surplus. "A comprehensive approach and only a comprehensive approach can solve the problems," he told

price cuts would not do the

The proposals follow a review of

complex price-support system administered under the EC's contro-versial Common Agricultural Po-The measures include a program EC ministers debate the plans,

#### **Japan Air Names** A New President

United Press Interna

TOKYO - Japan Air Lines appointed a new president Weilnesdered by Prime Minister Yasuhiro Nakasone after the crash of a JAL Boeing 747 in August, in which 520 persons were killed. At an extraordinary sharehold-

ers meeting. Susumu Yamaji, an adviser to the airline, was elected to succeed Yasumoto Takagi as president of JAL, which is 34.5-percentowned by the state, Mr. Yamaji, 60, joined Japan Air Lines in June. Shareholders also named Junji Itoh, president of the cosmetic company Kanebo Ltd., to the new post of vice chairman.

Mr. Takagi, who resigned to take responsibility for the crash into a mountainside in central Japan, again apologized at the meeting.

#### NTT, IBM Form Joint Venture on **Communications**

TOKYO --- Nippon Telegraph & Telephone Corp. and International Business Machines Japan Ltd. announced Wednesday that they have set up an equal joint telecommuni-cations and information-processing venture. The new concern, Nippon Information & Communication Corp., is

(\$2.97 million) and will begin operations next month. Nippon and IBM officials said. "The new company will study how to link the networks of NTT and IBM computers," the officials said. A study earlier this year indicated that it can be done, and both concerns announced in September

Other companies have said that the new venture could monopolize Japan's telecommunications market. But the president of the new concern, Keizo Kohno said, "Cooperation between NTT and IBM Japan will maintain fair competi-

that they were planning a joint ven-

Harno Ozawa, president of the Communications Industry Association of Japan, noted that NTT has Japan's largest telecommunications network and IBM is its biggest computer maker. "For them to join at a time when there is no NTT competitor is a move toward monopoly," he said.

# Bundesbank Sees Trade Surplus Peaking Next Year

By Warren Getler International Herald Tribune FRANKFURT — The Bundes-

bank, West Germany's central bank, predicted Wednesday that the country's growing surpluses in merchandise trade and the overall current account will peak next year as a result of the appreciation of the Deutsche mark against the dollar and of growing domestic demand

No specific projections were pro-vided in the Bundesbank's Decemcapitalized at 600 million yen ber monthly report, but economists here say the surplus in the current account will widen to 50 billion DM (about \$20 billion) from an anticipated 37 billion to 40 billion DM this year.

The current account is a broad measure of trade that includes merchandise and nonmerchandise items, such as services.

The merchandise trade surplus is economy is set to make next year. projected by commercial bank

billion DM in 1986, from about 75 budget deficit under control and a and from 5.8 billion DM a year billion to 80 billion DM this year. declining inflation rate of under 2 earlier. Since finance ministers of the percent, has ample scope to spur Group of Five - the United States, growth in the domestic economy West Germany, France, Britain through tax reforms and the elimiand Japan — agreed on Sept. 22 in nation of labor market rigidities. New York to drive down the value of the dollar, the U.S. currency has the domestic economy is likely to The Bundesbank said current ex-

change rates appear to have achieved a stable relationship, re-flecting more precisely than in the past the relative economic strengths of Western trading part-The Bundesbank, chastised in re-

cent weeks by U.S. Treasury officials for not intervening enough against the dollar, went to some lengths in its report to underscore the contribution to world economic recovery that the West German U.S. officials also have said that

depreciated against the mark by pick up strongly next year, aided by 12.5 percent, the report said. ing consumer prices, so that import volume will show a marked rise on stronger demand. Because the mark's recent appre-

> currencies has made imports cheaper, the level of imports in value terms will not increase as dramatically, the Bundesbank said. From August through October this year, the current account showed a seasonally-adjusted surplus of 10.8 billion DM, up from 10 billion in the previous three months

ciation against the dollar and other

Exports in the three months dropped a seaonally-adjusted 3.5 percent in value terms against the previous three months, while imports were down 1.5 percent.

A sharp drop in dollar-denominated oil prices and other raw material prices played a major role in the decline in the value of imports over the period. The Bundesbank's policy-mak-

ing council will convene for its last formal session Thursday for the year. Observers expect that the bank will decide to maintain its money supply target ranges of 3 percent to 5 percent growth.

There is growing speculation that the bank will also decide to allow banks to issue certificates of deposits denominated in marks, a move urged by the Association of

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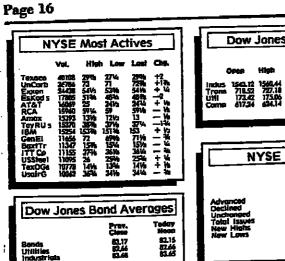
Tokyo Pacific Holdings N.V. on Dec. 16, 1985: U.S. \$157.19.

economists to widen to about 100 they believe West Germany, with a

Weekly net asset value

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amst

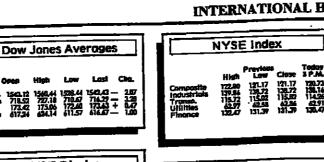


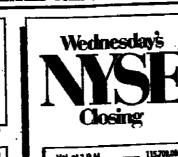
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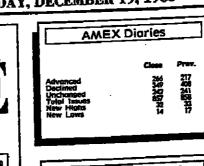
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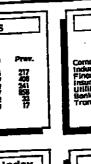
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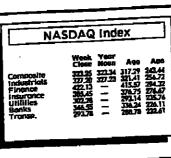
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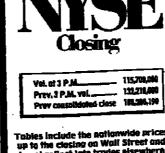


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Via The Associated Press

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# **Prices Decline After Early Rise**

NEW YORK — Prices on the New York Stock Exchange were weaker late Wednesday after being higher in the morning session. But Wall Street traders differed over the overall direction of the market, which has scored record since in present market. gains in recent weeks.

"It's not as good as it looks," said Michael Metz of Oppenheimer and Co. Inc., a New York

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

The Dow Jones average of 30 industrials, which shot up about six points in the morning session and see-sawed around the 1,550-level, subsided to 1,538.53 at 3:30 P.M., 5.97 points below Tuesday's close.
Volume was approximately 126.1 million

"It's like a polo stick, it's up and down," said John J. Smith of the New York investment firm Falmestock & Co. "It's getting toward yearend, so the market is full of cross-currents, with

no trend either way."

Peter J. DaPuzzo, manager of the retail equity group at Shearson Lehman Brothers, said he

St. Class 180s High Low Quat. Ch'98

believed the morning recovery from Tuesday's loss reflected the market's resiliency.

"It shows there's an awful lot of money out there chasing around fewer stocks," he said.

Most active NYSE-listed issues included Texaco Inc. at 29½, up 1½ on volume exceeding 3.1 million shares. Texaco said it had obtained a temporary restraining order against Pemzoil Co., preventing Pennzoil from attaching liens on Texaco property to enforce a \$11.1 billion damage award against Texaco.

IBM, considered a market leader in the blue-chip sector, was up ½ to 153. Teledyne, regarded as another market leader, jumped 5% to 302½. The technology firm, which has extensive holdings in other companies, was reported to have sold off its GAF shares earlier in the day.

R.H. Macy was up 1½ to 63%. Stock of the

R.H. Mary was up 1½ to 63½. Stock of the 10th largest U.S. retailer has fluctuated recently because of a management proposal to buy the Another retailer, Toys "R" Us, dropped 11/4 to 371/4 on a volume of more than 1.4 million shares. There were reports that suggested Wall lowering the firm's earn-Street analysts were

ings estimates.

On Tuesday the Dow, which has risen more than 140 points in a little over a month, retreated to 1,544.50, off 8.60 from its record close Monday. The Dow had set records in five of the past six sessions.

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# Pardon our pride.

For generations GE and RCA have touched the lives of millions of people. We have embodied the creative spirit of America. Its technological greatness, scientific advances, dynamism and movement.

We have entertained America and defended it. Illuminated its homes and made its airwaves dance.

Above all, we have been a pulse of progress and free enterprise.

The planned merger of our two great companies is an event that makes us very proud. And equally optimistic.

We will be a company whose strengths will have profound and beneficial effects. A company that will compete with anyone. Anywhere. In every market we serve.

We are proud of the people who over the years have built our two companies into great organizations achieving modern-day miracles. And of the people who've worked so diligently to keep our companies great—through periods of economic difficulties and technological change.

We are two companies with proud pasts. We will become one company with an important future. For the people of this country and countless millions of others around the world.

All will benefit from our products, our services, and our capabilities.

That makes us especially proud.

And very enthusiastic.





# U.S. Court Grants Texaco a Breather

Compiled by Our Staff From Dispatches

NEW YORK - Texaco Inc. said Wednesday that it had won a temporary federal court order barring Pennzoil Co. from attaching Texaco assets before other issues are settled in an \$11.1-billion damage judgment against Texaco.

U.S. District Judge Charles Brieant issued the order Tuesday night in White Plains, New York, the city where Texaco is based.

The order enjoins Pennzoil from taking any action of any rind whatsoever to enforce or attempt to enforce" the damage judgment entered last week by a Texas nate court judge, Texaco said.

Judge Brieant scheduled a hearng for Friday to hear arguments on [exaco's request for a preliminary njunction against Pennzoil. Investors reacted strongly to the for up to 90 days without paying

# West German Unit of ITT Expects Higher Net in '85

STUTTGART — Standard Bektrik Lorenz AG, the West Ger-nan subsidiary of ITT Corp., exsects 1985 group net profit to be tigher than last year's 51.2 million Deutsche marks (\$20.4 million), he chairman of the mana noard said Wednesday.

This year's turnover for the roup, which is 86-percent owned y ITT, should rise to around 5 allion DM from 4.5 billion in 984, the chairman, Helmut Lohr, aid at a news conference.

On another subject, Mr. Lohr aid Standard Elektrik Lorenz had greed to buy the remaining 51 ercent of Computertechnik Müll-7 GmbH from Diehl GmbH. He

completely satisfied with turnover or profit in Standard Elektrik's ofcommunication division.

change. Texaco shares were up

\$1.50, to \$29.125, while Pennzoil

was off \$4.625 a share, to \$59.875.

A Houston jury ruled Nov. 19

A letter to shareholders said group turnover had risen to 3 bil-lion DM in the first nine months of 1985 from 2.8 billion in the corresponding period of 1984. Orders in hand rose 23.8 percent to 3.6 billion DM in the first three

quarters. Incoming orders rose 6 percent to 3.8 billion. Mr. Lohr said Computertechnik Müller, which employs 650 people and is based in Constance, was expected to increase turnover by 25 ercent to more than 130 million

DM this year. Standard Elektrik Lorenz bought 49 percent of Computer-technik Müller in October 1984 leclined to give the purchase price.

The chairman said he was not federal government's cartel office.

# Genentech Given Monopoly On Genetically Made Drug

By Kathleen Day

LOS ANGELES — The federal wernment has awarded Genench a seven-year monopoly in the de of a genetically engineered

owth hormone. The Food and Drug Administraon on Monday gave Genentech's. ug, called Protropin, status as an uphan drug" for the treatment of owth hormone deficiency and irner's Syndrome, a chromosomdisorder in female children. Oran drugs are those intended to phan status, the agency will not at maladies affecting no more even consider requests from com-

ug, which is a genetically engi-

Genentech, based in San Fran- own label. co, said that it believes it is the st company to win such status a drug that is also eligible for lent protection. It has filed sev-

ded to give companies an incen-

tive to develop drugs that otherwise might be unprofitable, given the small number of people who would

Growth hormone is like any prescription drug, however. Licensed physicians can prescribe it for uses other than those for which it has been approved. A lucrative second market for Genentech's drug has been created by athletes who use it to enhance muscle growth. Because the Food and Drug Ad-

panies who want approval to maran 200,000 people.

The status means that even if the ket competing drugs. Protropin won approval in Octo-

ber as a treatment of growth horered version of a human protein, ls to win a U.S. patent, it will be otected from competing subcompany to sell a drug under its

In 1983, Genentech's human insulin was the fist biotechnology drug to get Food and Drug Administration approval. But the approvil requests for patents for the al was granted to Eli Lilly, a giant pharmaceutical company that li-The orphan-status system is in- censed the substance from Genen-

### , Itoh Says Net Doubled in First Half

anese commercial trading confit almost doubled from the in the previous year. r-earlier figure.

1.8 million), or 11.76 yen a yen a year earlier.

2e. up 86 percent from 5.52 bil- A spokesman f

on yen a year earlier. at the company said the rise of

the yen will cause its group sales to OKYO - C. Itoh & Co., the fall in the second half of its business year, ending March 31.

with activities in textiles, elec-nics and fuels, reported dnesday that its first-half net stillion yen from 14.545 trillion yen The group estimated that its net

Let in the six months ended for the complete year will be about L 30 totaled 10.27 billion yen 16 billion yen, up from 13 billion A spokesman for the company

yen, or 6.39 yen a share.

ales rose 14 percent in the period 8.037 trillion yen, from 7.001

said that if the average yen rate in the current October-March half is 200 to the dollar, sales are projected dropping around 900 billion

news. In heavy trading at midsession on the New York Stock Exto appeal.

Under the accord, Texaco agreed not to file for reorganization under Chapter 11 of the U.S. Bankruptey Code, while Pennzoil agreed not to that Texaco had wrongly interfered attach any liens to Texaco proper-

with a merger agreement between ty.
Pennzoil and Getty Oil Co., before
acquiring Getty itself. The jury fed
awarded Pennzoil \$10.53 billion in abi Texaco said Wednesday that the federal lawsuit was intended to enable it to appeal the damage award without the threat of attachment of The judge, Solomon Casseb Jr., affirmed the award on Dec. 10, as its properties or the need to post the \$12-billion bond, which it says well as \$600 million in interest. He it cannot afford.

said more interest would accumu-In a memorandum to Judge late at the rate of 10 percent amu- Brieant, Texaco said that terms of Judge Casseb's order designed to afford protection from the Texas Judge Casseb also temporarily waived a Texas requirement that lien and bond provisions did not provide Texaco with enough protection to enable it to conduct its Texaco post a \$12-billion bond after the two companies agreed that siness in an orderly manner. Texaco could continue operating

Both Texaco and Pennzoil have said in the past that they are willing to discuss a settlement. On Tresday, a Pennzoil director, Baine Kerr, indicated there had been

some preliminary contact between them but nothing substantive. Meanwhile, Texaco appeared close to completing a new financing package with 30 of its bankers that would give the company desperately needed cash.

According to banking sources, Texaco was preparing to sell \$1.7 billion of accounts receivable to its banks. The advantage of such an gement, known as factoring, is that Texaco would receive work-ing capital and the banks would depend on Texaco's customers rather than Texaco for repayment.

Texaco confirmed Tuesday that it was negotiating to sell a package of receivables to a syndicate of banks led by Manufacturers Hanover Trust Co. It said the proceeds would be used to replace other maturing obligations, which include commercial paper. (AP, NYT)

#### Turner, Viacom Fail to Conclude Joint Yenture

ATLANTA — Turner Broadcasting System said Wednesday it had been unable to conclude talks with Viacom International Inc. on a previously announced joint venture within the time constraints of Turner's proposed acquisition of MGM/UA Entertainment Co. The acquisition is scheduled to close around Jan. 21.

As a result, the company said, it is amending Securities and Ex-change Commission filings to update its financing plan for the ac-quisition. But it said Drexel Burnham Lambert Inc. has advised ministration has granted the orit that it will proceed on the basis of the financing plan despite the out-come of the Viacom talks.

> Under the acquisition plan, Turner had registered with the The Japanese also note that their a need for "orderly marketing," a commission to sell \$500 million of companies export because U.S. catch-all phrase meaning the avoidzero coupon notes, \$250 million of extendible senior notes, \$500 million of senior subordinated debentures and 5 million convertible preferred shares through Drexel Burnham to finance the MGM/UA acmisition.

As part of the transaction,

#### Trafalgar Sells Stake In Evening Standard

LONDON — Trafalgar House PLC has sold its 50-percent stake in Evening Standard Co. to Associated Newspapers PLC, a joint statement by the two British concerns said Wednesday.

Published by a control to gitte no.

Both sides had agreed to give no details on the value of the transaction, in which Evening Standard Co. becomes a wholly owned Associated subsidiary. The stake in Evening Standard was retained by Trafalgar when it spun off its Express Newspaper and Morgan Grampian magazine interest in 1982.

# IRI Plans to Offer to Public A Stake in Its Aeritalia Unit

ROME - Istituto per la Ricostruzione Industriale, the Italian state bolding company, said it will offer 35 percent of the share capital of the aerospace products manufacturer, Acritalia SpA, to the public. The partial privatization of Aeritalia, now 20-percent owned by IRI

and 30 percent by Finmeccanica SpA, was decided by directors of both companies Tuesday, an IRI spokesman said Wednesday. The operation would take place in several stages, the spokesman First, Acritalia's share capital would be raised to 300 billion lire

(\$175 million) from a current 250 billion lire in an operation to be obscribed by the existing shareholders. On approval of a company application for a listing on Italian stock achanges, 17.5 percent of the total share capital will then be offered

to the public. This offer is expected to take place from February to

The offer price has not been set, but the chairman of Finneccanica, Franco Viezzoli, said in a published report Wednesday that a realistic price would be around 1,950 lire per 1,000 lire nominal value share. The third stage, which will raise the public holding to a maximum of 35 percent in the next two years, involves the issue of a seven-year, 105-billion-line IRI-Finmeccanica bond convertible into Aeritalia shares. IRI and Finmeccanica would raise an estimated 200 billion

lire through privatization.

Aeritalia shareholders were meeting Wednesday to vote on the privatization plans and on a proposed split of existing 10,000-lire eritalia shares into 1,000-lire units.

Aeritalia earned 16.9 billion lire on sales of 1,163 billion lire in 1984 and expects higher profits and sales this year.

#### **COMPANY NOTES**

American Cyanamid Co. will lay off 400 of the 600 workers at its plant in Linden, New Jersey, dur-ing 1986, it said. The company is transferring the manufacture of three chemical products to other

BASF AG of West Germany said

it had taken over American Enka, a
fiber-making unit of Akzo NV, the
Dutch chemicals company.

Boeing Co. said it had received
orders for five 747 jets worth \$490
million. I without hought a 747. million. Lufthansa bought a 747-200B airliner and a 747 freighter, All Nippon Airways ordered two 747-200Bs and KLM Royal Dotch Airlines ordered a 747-300.

Coleco Industries Inc. said it had begun a tender offer of \$2.10 per share for the 60 percent of shares in Leisure Dynamics Inc. that Coleco does not already own.

Forstmann-Leff Associates Inc., a New York City-based investment firm, said in a filing with the Secu-rities and Exchange Commission that it had raised its stake in Hammermill Paper Co. to 1.6 million common shares, or 10.4 percent of the total outstanding.

Gillette Co. has reached agree-ment with La Toja Cosmeticos SA to take over the unprofitable Spanish cosmetics company for 3 billion pesetas (\$19.2 million), a spokesman for La Toja said.

Hoechst AG said it had sold its polystyrene works in Breda, the Netherlands, to Shell International Nederland Chemie Mij BV, a subsidiary of Shell Transport & Trad-

E.F. Hutton Group Inc.'s \$230 million of senior debt had its rating lowered to A-minus from A. Stan-dard & Poor's Corp. said. It said the move was a result of Hutton's

weak earnings performance.

Koss Corp. said its fifth modified plan of reorganization was confirmed in U.S. bankruptcy court. Leucadia National Cora said it had agreed to acquire 1,768,000 shares of common stock in Brae

Co., a 41-percent interest, from Brae for about \$21.2 million. Mim Holdings Ltd. said it had sold copper refinery technology developed at its refinery in Towns-ville, in the Australian state of Queensland, to Compañia Miñera

de Cananea of Mexico. Phillips Petroleum Co. said it has won Danish government approval to start exploratory drilling on Denmark's North Sea continental

Sonat Inc. said it would take an after-tax charge of about \$170 mil-tion against fourth-quarter results because of a writedown of oil and natural gas reserves and a reduc-tion of the carrying value of older equipment in the oil service field.

ance of torrential exports by less

quota might be allowed to expire,

# Japan and Car-Export Quotas

(Continued from Page 15) auto executives continue to talk of

consumers want their cars. Last year, Japanese officials de- formal means, perhaps self-reraised the quota from 1.85 million units to 2.3 million. They could has many options before it. One would be to retain a quota, but to would be to retain a quota, but to

As of Oct. 31, seven months into Turner will also sell MGM/UA's the current program, Japanese with MITI switching to behind-cinda Corp. for up to \$480 million. the United States and were ance." expected to reach the full 2.3 milion. The United States remain

their most profitable market. Quotas are set through a sort of economic alchemy. Using press re-ports, diplomatic cables, economic forecasts and gut feeling, Japanes planners try to guess what level will be sufficiently high to keep Japa-nese companies in healthy sales but sufficiently low to control sentiments in Congress toward erecting

barriers of its own. Japanese companies have already opened a campaign for more access. Following the remarks last week by the official of the Ministry of International Trade and Indus try, many issued calls for an end to

In the same breath, however,

#### FRANKFURT - The public closed at 1.186. offering of about 3.4 million shares A Deutsche Bank spokesman of Daimler-Benz AG has been said the banking consortium as-

**Deutsche Bank's Offering** 

closed early in the face of heavy demand, Deutsche Bank AG said Wednesday The bank acquired the shares as

group earlier this month. day that it had begun a wide public placement through a consortium of West German and loreign banks no surprise. Some said the shares took the stock market by surprise. It had been widely expected that the shares would be offered early

part of its purchase of the Flick

The shares were being offered at 1,120 Deutsche marks (\$446) per 50 DM nominal, about 100 DM below Tuesday's close on the

next year.

The shares amount to 10 percent of the automaker's total 1.7 billion DM capital.

Of Daimler Is Closed Early bourse trading in Frankfurt, but

> sembled Tuesday totaled more than 100, including major West German banks.

Deutsche Bank is taking over the whole Flick empire for a price of about 5 billion DM, effective Jan.

Dealers said demand for the Daimler shares had been expected to be strong and the early close was were believed to have been placed almost exclusively with institutional investors. There were persistent rumors

last week that at least 2 million of the 3.4 million Daimler shares had been pre-placed in the Far East and Deutsche Bank's purchase of the Flick empire has propelled its share price to record highs.

After active trading, Deutsche
Bank closed Wednesday at a record

857, up 56 over Tuesday's close.

The offer price ensures Dentsche
Bank of proceeds totaling 3.81 billion DM. The share offer is for
payment Jan. 8.

Daimler shares were quoted at
1,195 Wednesday at the start of

#### Toyota Reduces Output Target, Cites Exports

TOKYO - Japan's top automaker, Toyota Motor Corp., has cut its production target for the first time in 10 years, citing a worsening export environ-

"We can hardly expect an increase in exports in view of slow demand in the Middle East, Africa and China," Toyota's president, Shoichiro Toyoda, said Tuesday. "The U.S. economy also is expected to grow at a

The output target for 1986 has been set at 3.63 million units, down 30,000 units from this year, according to company officials.

They said exports are expected to decrease by 4 percent from this year to an estimated 1.9 million units. Domestic sales are estimated at 1.73 million units, up 3 percent over this year. Total demand on the domestic car market is estimated at 4,12 million units, up 2.5 percent or 100,000 units over year, the officials said.

#### QUALITY FIRMS THE TOP FRENCH



# COMITÉ COLBERT Van Cleef & Arpels: Fabulous Firsts

Flawless precious stones - rare Jonquil diamonds as deep-hued as vintage cognac, rich rubies from Burma, exceptional emeralds from Colombia, shimmering sapphires from the misty mountains of Kash-mir — spring to life as the talented fingers of mastercraftsmen translate the daring dreams of visionary designers into splendid jewels signed Van Cleef & Arpels. This repuration for reproducing splendor in imaginative profusion has been syn-

onymous with this legendary jeweler since the three Arpels brothers, Julien, Louis and Charles, founded the firm with their brothern-law, Alfred Van Cleef, at the glittering height of the Belle Epoch in 1906.

Their international renown is reflected in thriving export sales of \$20 million to \$26 million, 82 percent of total French turnover, and has attracted a connoisseur clientele including some of the most\_evocative names of the 20th century: Marlene Dietrich, the Duchess of Windsor, Maria Callas and Elizabeth Taylor to name a few. At Van Cleef & Arpels an audacious artistry finds

reality in stunning innovation: The celebrated "minaudiere" of the 1930s ingeniously incorpo-rates space for all the ladylike accountements. make-up, smoking accessories, even a tiny "domijewelled clasp; the mundane zipper is magnifi-cently enrobled into a diamond necklace and bracelet; in the technical tour de force of the "invisible setting," as many as 400 perfectly marched precious stones are indecipherably linked to create the soft curves and delicate petals of a jewelled flower or a ribbon bracelet as supple as silk. Equally impressive is the Van Cleef business style: First of the grand Parisian haute jozilliers to open in New York in 1938, first to add a boutique of younger, casual jewelry in 1953, first to go to Japan 12 years ago where they now have 10 stores and the first to create a highly successful fragrance in 1977 called, no wonder, First.

But Philippe Arpels, 31, director of this family firm, insists on a distinction: "We are pioneers, but not avant-gardists. We try not tofollow fashion, nor to precede it. What is fashionable, becomes unfashionable. We create jewels that live a long time thanks to classic design and the high quality of our materials." Proof of their success: The jaunty lion whiskered in diamonds, a best-seller since 1953, the delightful butterfly brooches, Art Deco designs their clients ask them to recreate roday and the dazzling prices Van Cleef designs bring at auction.

They are still making miracles. They hardly had time to photograph two "invisible setting" necklaces of rubies, supphires and diamonds which rook 18 months to make and were sold two weeks later. The exquisite enchantment of a nuffled Tulie d'ar" col cate marquetry of a diamond bow brooch, their entrancing Christmas windows on an Opera theme, all capture the inspired essence of elegance that is so distinctly Parisian, so unmistakeably Van Cleef & Arpels.

TAN ASSOCIATION OF THE MOST PRESTIGIOUS NAMES OF THE FRENCHTARD DE VINRET 2 BIS RULLUL LA RAUME. 2500 PAR MAN ANNOUNCEMENT BY THE COMITÉ COLBERT

All of these bonds having been placed, this announcement appears for purposes of record only.

## INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

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Issue Price: Redemption: Listing:

on December 20, 2015 at the principal amount at all German stock exchanges

Deutsche Bank

Commerzbank

Bayerische Vereinsbank

DG Bank

Dresdner Bank

Salomon Brothers International Limited

Beden-Württemberd Aktiengesellschaft Bayerische Hypotheken- und We Aktiengesellschaft

Bayerische Landesbank

Girozentrale

Deutsche Girozentrale - Deutsche Kommunalbank Industriebank von Japan (Deutschland) Merck, Finck & Co.

Swiss Bank Corporation International Limited Vereins- und Westbank

Nomura Europe GmbH

Citibank

Badische Kommunate Landesban - Girozentrale ık Berliner Bank CSFB-Effectenbank AG

Hamburgische Landesbank Landesbank Rheinland-Pfala B. Metzler seel. Sohn & Co. Norddeutsche Landesbank

Trinkaus & Burkhardt KGaA

Girczentrale

M.M.Warburg-Brinckmann, Wirtz & Co.

Westdeutsche Landesbank Girozentrale

Bank für Gemeinwirtschaft

Aktiengesellschaft Berliner Handels- und Frankfurter Bank

Delbrück & Co.

Hessische Landesbank - Girozentrale Landesbank Sch

Morgan Guaranty GmbH

Sal. Oppenhaim jr. & Cie.

Union Bank of Switzerland Securities) Limited Württembergische Kommunale Landenhank

This announcement appears as a matter of record only.

# \$25,000,000 Overseas Private Investors, Limited

Regular Capital Stock Accumulation Capital Stock \$1,000 per share

All of these shares have been privately placed with Non-U.S. Institutional investors. Overseas Private Investors, Limited will make direct equity investments in corporations located in the United States in association with investments to be made by Bessemer Securities Corporation. Overseas Private Investors will be advised on these investments by Bradford Associates and Bessemer Trust Company, N.A. (New York).

The undersigned have acted as agents in this placement.

Compagnie Europeenne de Représentation Financière S.A.

Callander Securities, Ltd. Bessemer Trust Company (Cayman), Ltd. New Issue December 19, 1985

# ملذامنه لنصل

# U.S. Thrift Plan to Involve Nonbanks

By Nathaniel C. Nash WASHINGTON — The Trea-

sury is developing a rescue plan for the ailing U.S. thrift industry under which big nonbanking organiza-tions, such as Scars, Roebuck & Co., would be invited to buy insolvent savings and loan associations and convert them into commercial banks, according to a senior Treasury official.

The plan, which would involve scores of insolvent thrifts, would put the Treasury in direct opposinion to the Federal Home Loan Bank Board. The board has sought to bar entrance into the savings and loan industry by financial congiomerates

The tentative Treasury plan, disclosed Tuesday by an official who refused to be identified, represents a view within the Reagan administration that the thrift industry posal from someone like a Sears, known that we saw the acquisition should gradually be merged into the much stronger commercial

banking industry. Such conversions could signifi-cantly shrink the size of the U.S. thrift industry. While well over 1,000 healthy institutions earned rially insolvent, according to indus-

(Continued from Page 15)

home-software producer. "There is

a lot of innuendo floating around

In the software campaign, Atari

has an early lead. Many industry

experts were surprised to see more

than 30 companies displaying pro-

grams at a huge Atari booth at Comdex, the personal-computer-industry trade show held in Las

no software yet, and this threatens to slow sales. "There's nothing to so with it," said David Lan, presi-

lent of Island Micro Systems, in

Minneapolis, which sells to large

Vegas late last month.

For the Amiga, there is virtually

about both machines."

The Treasury's draft plan, which as a means to infuse capital. the Treasury believes would not require legislation, would represent a major entrance of nonbanking organizations into the banking industry in circumvention of federal

The Treasury official said that in problems, substantial sources of Reynolds Inc. new capital would have to come from the private sector.

"When you look at the available not about to come up with any

The Treasury could encounter some opposition from the new Comptroller of the Currency, Rob- bank board." ert L. Clarke. He told reporters Wednesday that he would oppose record profits this year, another 300 to 400 thrift units were essentially insolvent, according to industry through purchase of insolvent thrift institutions, unry estimates. The General Accounting Office, an arm of latory restrictions as bank holding makes consumer Congress, estimated a few weeks companies. But he did say he would commercial loans.

choice of the software-industry es-

tablishment. While Atari software

tle-known companies, some from

Europe, several leading home-com-

But the leading business soft-

Tate, have not committed to either

the Amiga.

ago that another 1,300 thrift insti-tutions were approaching insolven-cy as of the end of October. favor commercial banks' buying them to commercial bank charters them to commercial bank charters

The Treasury plan also faces opposition from the Federal Home Loan Bank Board - the regulatory agency for the thrift industry. The board has indicated that Sears was not welcome as a bidder for troubled thrift mits because of its broany solution to the thrift industry's kerage subsidiary, Dean Witter

But faced with a potential need for \$16 billion in new capital over the next three or four years, indussources of funds, the government is try sources said the bank board might come under pressure by the

money at this time of deficit," he said.

"And there is just so much you can get from the thrift industry whether Sears had made a specific itself, so that leaves the private sec- proposal to the Treasury, but addtor. When you get a realistic pro- ed: "Until the early 1980s, it was you should listen to it very careful- of troubled thrifts as a way to expand our presence in the deposittaking and lending activity. But then that was cut off by the present

> Sears, J.C. Penney Co., Merrill Lynch & Co. and others have also been pushing to get into the bank-ing business through legal loop-holes that allow them to set up a deposit-taking institution that makes consumer loans, but not

Commodore, Atari in Holiday Showdown

clear that the business-computer

user really cares about colorful

Still, many companies have com- face stiff competition from IBM mitted to developing programs for the Amiga, which remains the

developers are generally small, lit- graphics. In terms of distribution, neither company has been able to attract puter software companies, such as the top chains, such as Computer-Electronic Arts and Activision, are land or Businessland, and, instead, land or Businessland, and, instead, coming out soon with programs for have gone more to independent stores. Commodore save that its

product is carried in more than 700 ware companies, such as Lotus Destores and that there is a long wait-velopment, Microsoft and Ashtoning list of dealers. An Atari vice ing list of dealers. An Atari vice president, Michael Katz, said the ST is carried in 1,000 outlets, but industry analysts think the number

# **Auditors Say Chinese Bank** Kept \$9 Million From State

BELING - Auditors have discovered serious legal violations at the state-owned Agricultural Bank of China, including the withholding of more than \$9 million payable to the government, it was eported Wednesday.

The bank, which holds millions of dollars in rural savings, was investigated after officials learned its Hunan province branch had falsified its 1984 annual report, the English-language China Daily reported. The branch president was dismissed.

The case led to an audit of all agricultural bank branches in the country, starting last April. The anditor-general, Lu Peijian, was quoted as saying that his staff had uncovered \$2.8 billion worth of tax vasion, fraud and waste.

"We have finished checking the reports and are dealing with a number of cases of serious violation of economic and financial laws." Mr. Ln said.

The auditing administration, with 26,000 staff, was formed in September 1983 to tighten financial discipline under Deng Kiaoping, China's paramount leader.

# Wall Street Awaits Big Rally

(Continued from Page 15)

begins just about the time most taxselling has run its course. Second,

Normally, Mr. Zweig added, year-end strength tends to begin the day before Christmas and lasts through the sixth trading day of January, usually about an 11-day stretch. Over the past 20 years, he noted, an index giving equal weight to all New York Stock Exchange issues has risen 17 times while falling in only three of those periods.

Presently, Mr. Zweig has his clients 100 percent invested in stocks.

through year-end into early January," he said.

occurred in 1972, 1976 or 1983.
"The answer is probably not,"
Mr. Farrell said, "The move is too

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broad and powerful for a last-gasp rally. In order for a meaningful decime of more than 10 percent to reinvestment hits the market in earby January. Third, psychology improves around the holidays, giving investors added incentive to buy."

start to rise and some form of speculative excess that instills complainteestors added incentive to buy.

> While he added that investors should be "on guard against a blow off or buying-climax stage develop-ing after such a long rise, the signs of speculative enthusiasm and ing usually associated with chun such a stage are still minimal."

If Wall Street does consolidate, Salomon Brothers' Laszlo Birinyi Ir. offers a refuge. His analysis of how different stocks performed in Robert Farrell, chief market ana-rest periods after initial market lyst at Merrill Lynch, also sees Wall surges of Angust 1982 and 1984 Street currently at peak momen-show that the best sector to be in turn. "This should help carry it was property/casualty insurers.

hrough year-end into early Janu-ry," he said.

Aluminums were the worst per-formers, he said, "with all the ma-jor basic industries substantially positive developments on U.S. taxes and the budget deficit, he asks: underperforming during consolidation periods following market tion periods following market gains." Other areas that did poody, such as late-in-the-year rallies that occurred in 1972, 1976 or 1983.

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#### **CURRENCY MARKETS**

## Dollar Gains as Yen, Pound Weaken

LONDON — The dollar moved Wednesday as the Japanese yen and British pound lost ground in an erratic and sometimes very thin pre-Christmas market.

Dealers said there was little interest in the dollar, but that it benefited from selling of the yen and pound. Movements were exagger-

ated by the low volume. In London, the pound closed at \$1.4203, down from \$1.4373 on Tuesday. The dollar closed in London at 203.025 yea, up from 201.85. In Tokyo, however, the dollar end-ed at 201.65 year on Wednesday, down from 202,10.

yen were triggered when the gover-nor of the Bank of Japan, Satoshi Sumita, said the central bank was ending its upward guidance of yen interest rates.

Dealers in London said sales of

The pound was quoted in London at a low of \$1.4185 after a large sell order provoked by a statement 2.1133 Swiss francs on Wednesday, from Iraq's oil minister, Qassen up from 2.1030 on Tuesday, In Par-Ahmed Taqi. He said OPEC was

determined to protect its share of 7.712 French francs, up from 7.692. the world crude oil market despite Monetary Policy Prospects mainly higher in European trading the harmful effect of lower oil prices.

The relative lack of interest in the dollar was illustrated by its lev- New York. el against the Deutsche mark. In Frankfurt, the dollar was fixed at 25103 DM on Wednesday, very credit union officials in Dallas last el against the Deutsche mark. In 2.5103 DM on Wednesday, very slightly down from 2.5120 on Tues-

Wednesday after Tuesday's poor response to the Treasury's auction of two-year notes may have undering, dealers said.

The high 8%-percent opening from 7½ percent.

Iederal funds rate was also a supportive factor. Fed funds closed Tuesday at 7% percent.

Martha Seger, a governor of the Federal Reserve Board, has indi-One U.S. bank dealer said the cated that further easing in monemarket was so thin that people tary policy in the near future is were just reacting to isolated pieces unlikely, according to an article published in the American Banker newspaper, Reuters reported from

week that the Fed had discontinued its practice of managing monetary Softer U.S. credit markets policy by controlling money supply, as many have suspected

The report gained circulation in the financial markets Wednesday pinned the dollar in afternoon trad and helped produce a bond market retreat because it dashed hopes for a quick cut in the discount rate

Seger also said the dollar's value In Zurich, the dollar closed at the Fed was unlikely to ease more 2.1133 Swiss francs on Wednesday, tary policy further. Easing would lower interest rates and spur addiis, the U.S. currency was fixed at tional dollar declines.

#### THE EUROMARKETS

#### Trading Is Quiet; Another Yen Issue Emerges

By David Ress

LONDON — Eurobonds generally closed unchanged to slightly firmer Wednesday in quiet trading as another borrower tapped the Euroyen market, dealers said. Investor interest is almost at a

standstill in most sectors of the market, so steadily firming Euroyen bond prices are offering borrowers very attractive rates, dealers

Following Wednesday's 10-bil-lion-yen issue for CSX Corp., dealers said they expect at least one more new issue to emerge in the Euroven sector before the end of the week. Credit Foncier de France, they predicted, will shortly launch a fixed-rate Euroyen bond, possibly as early as Thursday.

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The issue for CSX, a major U.S. federal court in New York issued a

The lead manager, Daiwa Eu- Pennzoil last month. rope Ltd., which is also expected to lead manage the Credit Foncièr is-

quoted them at a discount of 14, within total fees of 2 percent. Wednesday's other new issue, a \$100-million, 9%-percent, 10-year bond at 100% for the European Coal and Steel Community, also won a fairly strong reception, clos-

Trading in more seasoned dollar denominated issues was listless, although dealers said Texaco Inc. is-sues jumped on news that a U.S. inactive trading.

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ing within total fees at a discount of 1 7/16.

railroad company, pays 6% percent temporary restraining order block-over 10 years and was priced at ing enforcement of the \$11.1-billion award won against Texaco by,

Texaco Capital NV's 114-percent convertible bond due 1994 and sue, reported strong demand for the CSX bonds, while dealers both rose two points on the news to close at 97 and 971/2 respectively.

Other convertibles firmed slightly, as did fixed-rate dollar bonds. With expectations of a U.S. discount-rate cut already reflected in bond prices, dealers attributed Wednesday's firming trend to some short covering, as investors move to finish squaring positions ahead of the year-end, dealers said.

They said floating-rate notes were steady in almost completely

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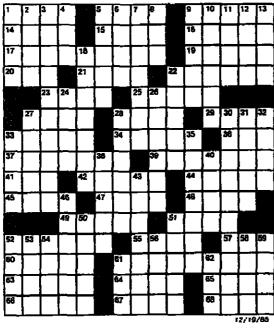
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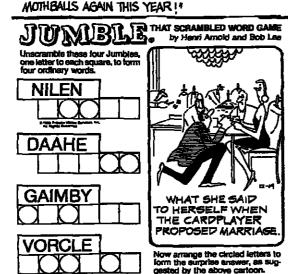
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#### **PEANUTS**

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BULL HALSEY

EVERYWHERE WE 60, MARCIE YOU EMBARRASS ME!

EXCEPT WHEN THEY'RE WARM

By E. B. Potter. 421 pages. \$19.95. Naval Institute Press, Annapolis, Md. 21402

Reviewed by Stansfield Turner

F LEET Admiral William F. (Bull) Halsey of the most charismatic and forceful U.S. military personalities of World War II. As commander in the South Pacific and later of the U.S. Third Fleet, he established a swashbuckling reputation. As might be expected, he has ardent supporters and vehement detractors. The author of this first full biography was once close to the ranks of detractors; 2 ago he wrote a draft chapter on the Battle of Leyte Gulf in which he said: "Halsey made the wrong decision. In the light of what we now know, there can be no question about that."

The centerpiece of Professor E. B. Potter's fine biography is his balanced and objective view of Halsey's role at Leyte Gulf, one of the more controversial naval actions of World War IL where the American and Japanese fleets punched at each other in a running battle over several days in October 1944. Potter's even-handed treatment of why Halsey exposed Mac-Arthur's invasion force in order to battle enemy aircrast carriers is an important contribution. The book's value is more than historical, though. It is well worth reading for its lessons about how best to approach today's military problems. Halsey's basic philosophy of warfare — which led directly to his actions at Leyte Gulf — has always appealed to mili-tary men and in recent years has become increasingly espoused by the U.S. Navy.

Halsey's philosophy, as he put it, was: "The best defense is a strong offense. Lord Nelson expressed this very well: No captain can do very wrong if he places his ship alongside that of an enemy." Halsey's choice at Leyte Gulf was between what he saw as the offense and the defense. On the one hand he had the opportunity to seek out and engage what he believed to be the last remaining aircraft carriers of the Japanese fleet. On the other, he could have stood guard to ensure that other Japanese naval forces heading for Leyte Gulf did not overwhelm U. S. forces there. The U. S. Army had just made the amphibious assault that commenced the light to retake the Philippines and was still moving men and material ashore. There are, of course, strategists who believe

Solution to Previous Puzzle

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### BOOKS

that a military commander should concentrate on achieving specific objectives, whether or not that necessarily involves destroying the enmy's military forces. Potter makes it clear that as a result of Halsey's following the principle of the offense, the immediate objective of sap-porting the invasion was placed in considerable jeopardy.

The U.S. Navy is facing an analogous & lemma as it develops plans for a possible major war with the Soviet Union. Its prime objective would be to keep the Atlantic sea lanes open to Europe, just as in World Wars I and II. One way of doing that would be to seize the offensive and seek out and defeat the Soviet fleet wherever it is. Such a tactic would solve the problem once and for all, but would require the U.S. fleet to accept the risk of going into waters where the Soviet Navy is at its stronger The alternative would be to take advantage of the fact that geography forces Soviet air, submarine and surface forces to come into the Atlantic through the relatively narrow gaps between Greenland, Iceland and Scotland.

Potter provides sufficient detail to give a solid description of the battles in which Halsey was involved, yet not so much as to bog one down. Some readers will want to skim the descriptions of what various ships did in various battles, but that is not difficult. The mi-merous anecdotes on Halsey's life and habits that Potter inserts almost at random make the narrative uneven at times, yet these vignettes contribute much to the feel one gets for the man. I do wish Potter had built more of a picture of Halsey the human being, not just the military commander. For instance, Famy Grandy Halsey, his wife, darts in and out of the book and the admiral's life with almost no explanation of what must have been an musual, distant relationship.

Another of Halsey's controversial characteristics that is brought out clearly in the book also has relevance today: How much should military commanders operate, as did Halsey, on intuition and impulse and how much on methodical, thorough appraisals of the balance of forces? Potter has unearthed interesting quotations from Halsey on occasions when his intuition drove his decisions. Some of these were his great successes. A complaint prevalent today is that U.S. military officers are being trained to be "managers," rather than inspira-tional leaders, as Halsey clearly was.

Potter comes close to direct criticism of Halsey in pointing out that his lack of the manager's penchant for careful analysis led him to two very faulty decisions on evasive. actions in the face of typhoons. And, looking on the impact of modern technology on warfare, one must wonder if there are not virtues in precision and thoroughness. After all, the day is approaching when the time for response will be so short that the commander's decisions will be only those he has thought out and programmed into a computer.

Reading Potter's descriptions of Halsey's approach to decision-making in war invites reflections on the range of demands now placed on military leaders. While there will always be a need for men who can inspire with Halsey's boldness and sense of initiative, the dictates of increasingly sophisticated technologies are going to demand the calm and thor-ough calculations of a scientist.

Admiral Stansfield Turner, former director of Central Intelligence and the author of "Secrecy and Democracy: The CIA in Transition, this review for The Washington Post.

#### **BRIDGE**

By Alan Truscott

IICAN

ON the diagramed deal, the contract was "only" one no-trump, but led to some delicate cut-and-thrust between West and South.

The one no-trump rebid, showing a hand too good for a one no-trump opening, ended the auction and the lead was a spade. The nine won in dummy and a diamond was led to the king and ace. West made a good shift to a heart, forcing the play of the queen and removing dummy's entry. South led a heart to the ace, but West shrewdly played the king, creating an entry to her partner's hand.

South cashed two diamond winners and exited with a heart. East took two heart tricks and shifted to a small club. South made a good decision by playing the club king. reasoning that West would have done more bidding with the club ace in addition to 13

known points in the other The position, and South knew it, was this: NORTH

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appearance of the queen and made his contract. ◆ 9 6 5 2 ∇ Q 2 ○ 19 8 7 3 ◆ 9 6 3\_ ◆4 ∇ J 1084 ◆852 ◆ A 5742

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Dec. 17

**SPORTS** 

# هلذا منه المنصل

# **Blood Clots** Threaten Life Of 'Odyssey'

HIALEAH, Florida - Stehorse worth \$10 million, has developed blood clots in his broken front left leg and may have to be

There is severe soft-tissue damge," Dr. Stephen Selway said Tuesday, adding that "it is ques-ionable if there's enough blood supply to sustain tissue in the lower

A decision on whether to operate o save the 3-year-old, who has samed \$1,255,328 in 16 races, has neen put off until at least Thursday pecause of the clotting, he said.

Stephan's Odyssey broke his left front sesamoid bone, which is the equivalent of a human knuckle, after a half-mile workout Sunday at guard from Union City, New Jesters 1 and lost by a point. Greece is getting there.

World Cup races for France.

that binds them to Poland until next June.

SCOREBOARD

AMERICAN CONFERENCE

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French team but must race under Polish colors.

French Await FIS Decision on Twins

PARIS - The French ski federation said Wednesday it is awaiting

a decision from skiing's world governing body whether the Polish twins, Dorotha and Margot Tlalka, can race for France after they having been expelled by the Polish federation.

A French federation spokesman said the slalom specialists are

"France wants them and they want to race for France, but right now we are waiting for FIS officials to make a decision," the

"We are hoping the FIS officials will let them ski for France."

tophe Magore, in October and applied for French citizenship. However, the Polish federation refused to release the sisters from a license

The Tlalkas married brothers from Grenoble, Christian and Chris-

The FIS recently ruled the sisters could continue training with the

A report on the state-controlled Polish news agency PAP Tuesday

said the Polish federation has "officially" expelled the Tlalkas from

The report said the measures were taken because the sisters "arbi-

trarily prolonged their stay abroad" and violated contracts the Polish

team has with manufacturers to use certain brand names of equip-

Football

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NATIONAL CONFERENCE

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the federation and their club, Legia Zakopane, for "insubordination."

ing with the French team in Courcheval and are ready to enter

# Basketball in Greece Gains With U.S Help

By Stefan Fatsis The Associated Press

ATHENS - Despite makeshift about 15 other Greek-American phan's Odyssey, the uninsured race courts, undersized players and little players, is credited with raising borse worth \$10 million, has developed alote in his booker. Greece's national basket standards and stimulating interest in backet ball in this country. ball team has reached the World in basketball in this country. Cup finals for the first time destroyed, according to one of the thanks in part to a contingent of increased state funding for basket-veterinarians treating the thorGreek-Americans.

We carry reservation coverage and increased state funding for baskethall also have helped promote an

Leading the way is the country's top player, Nick Galis, 28, a naturalized citizen who played college ball at Seton Hall in New Jersey. He scored 33 points as Greece beat Pulserie 111 Pul Bulgaria, 111-81, last month to become one of 24 qualifiers for the 1986 tournament in Spain.

"We're starting to catch up with the rest of the world," Galis said. "We beat France in World Cup

Hialeah Park. Jenny Orsteen, the sey, who is sixth on Seton Hall's alltrack's director of special promo-tions, said the colt "pulled up at the mile pole and his ankle collapsed." time scoring list, with an average of 17 points a game, plays for Aris of Salonica. He bas led the Greek

#### characterized by inadequate facili-ties, inexperienced coaches, undersized players and impoverished "One problem the Greeks have is

size. They're just not a very tall people," said David Stergakos Nel-son, a 6-9 center from Montclair, New Jersey, who has played for Panathinaikos, the top Athens team, since 1978. Greece also is one of the few European countries to ban foreign-

league in scoring every year since he arrived in 1979 and, along with

Weekly television coverage and

ball also have helped promote an

ers from league play. The only exceptions are Greek-Americans, but even they must become Greek citi-zens to be considered for the na-The Greek-Americans in the

168-player first division draw bigger crowds to basketball games, but say they often have salary disputes with their teams.

"You never know whether you'll get paid or not. You've always got problems with the team," Nelson

Greek clubs are plagued by chronic financial problems that prevent them from building new arenas that would attract enough speciators to turn a profit.

"How are teams supposed to make money? From ticket sales? The arenas hold 500 or 1,000 people," said Michalis Kiritsis, the coach of Panathinaikos, which The arenas hold 500 or 1,000 peopense of passing and defense.

Ple," said Michalis Kiritsis, the coach of Panathinaikos, which plays on a concrete court covered than in 1980, to develop coaching said the came here from Chicago six years ago to play for Panathinaiwith green plastic beneath a soccer and playing talent. stadium stand.

Aris, the league's top franchise, boasts one of Greece's three hardsource estimated the club will lose \$530,000 this season.

Basketball

EASTERN CONFERENCE

**NBA Standings** 



Kareem Abdul-Jabbar found himself in equal company during his first encounter with Patrick Ewing of the Knicks.

"We're taking gradual steps to boasts one of Greece's three hard-wood floors and draws about 5,000 spectators a game. But one league said the national team coach, Costas Politis. The Greek Basketball Federa-

The imported players say the tion is recruiting new players from first-ever trip to America reflects a play in the Greek league often is all over the country. Since 1981, new commitment to the game," Pounorthodox by European and U.S. more than 7,000 young Greeks litis said.

standards, with games dominated by wild-shooting guards at the exclub teams.

"They've gone to the villages to

The national team recently travgames against college teams, in-cluding very good teams from Duke, North Carolina and North Carolina State. "We lost four of them, but our

# Ewing Gets a Draw With Jabbar In First Meeting, but Lakers Win

NEW YORK - The game matched 38-year-old Kareem Abdul-Jabbar against the rookie Pat. scoring leader, with nearly 34,000 rick Ewing, and the team with Na-tional Basketball Association's best record against a team with one of

Lakers improved their record to 21-3 with a 105-99 victory Tuesday night. Ewing scored 28 points, but his New York Knicks fell to 7-18.

"Both of them held their own," said the Lakers' coach, Pat Riley. "They went at each other the whole game, both of them played to their potential, both got their numbers and played big games against de-fenses trying to double- or triple-

Abdul-Jabbar also got 8 re-bounds, 4 assists and 2 blocked shots in 33 minutes. Ewing per-formed admirably, leading his team with 28 points, 9 rebounds and 4 assists in the 45 minutes he played. It was an effort that commanded high praise from Abdul-Jabbar.

He's a fine center and he'll be around a long time," Abdul-Jabbar said of Ewing, considered the best of the next generation of centers in the NBA. "When he gets more seasoning, he'll be a very, very good center. He's only been in the league two months and he's doing a very good job under difficult circum-

The Lakers, who were held well below their scoring average of 123.7 points per game, trailed by 87-85 midway through the fourth period. But Abdul-Jabbar's hook shot with 3:24 to play gave them the lead for good at 96-94. He completed the streak with another basket, making it 103-96 with 56 seconds left.

"It's an understatement to say it improve the sport. I think we're eled to the United States for five slowly earning our place in the Eupropean basketball community," eled to the United States for five was typical the way Kareem got the slowly earning our place in the Eupropean basketball community," eled to the United States for five was typical the way Kareem got the slowly said. The was great and Ewing's a finished player. When the Knicks fill their holes around the perimeter,

they will be tough." Ewing was most impressed with dribble to set up a pass for a basket.

When he took his first shot, I

the worst. Age and talent won out.

Abdul-Jabbar scored five of his
26 points during an 18-9 streak

26 points during an 18-9 streak

that sky book," Ewing said. "When he gets the ball, you want to take him as far away from the basket as you can. I did O.K., but I made a lot of key mistakes."

The Lakers, winning for the 10th time in their last 11 games, also had Maurice Lucas score 19 points. James Worthy 18 and Earvin John-son 17. Trent Tucker got 22 for New York.

The Knicks, despite a league-low scoring average of 93.9 points, kept trailing by more than seven points. There were 21 ties and 17 lead

The Lakers scored the first five points before Ewing quickly got five to give the Knicks a 9-7 lead. Los Angeles led, 28-24, at the end of that quarter, but the Knicks slowed the pace and prevented the Lakers from fast-breaking in the second period, holding them to 18 points. A long pass to Ewing with two seconds left allowed him to shoot a baseline jumper at the buzzer that tied the score at 46 at halftime.

Los Angeles emerged the winner, said Lucas, because his team is "used to closing tight games.

We were just very happy to get that game over with." "They played with a lot of intensi-

# For Knicks' Coach Brown, **Another Giant Blessing**

By George Vecsey New York Times Service

NEW YORK - Hubie Brown's past and Hubie Brown's future were present in the same arena Tuesday night as the New York Knicks took on the Los Angeles

His introduction to professional basketball was represented by the big man in goggles, Kareem Abdul Jabbar, and his future as coach of the Knicks was represented by Patrick Ewing.

Brown spent the 1972-73 and 73-74 seasons as an assistant coach with the Milwankee Bucks. He saw a young proud Kareem Jabbar, able to dribble the length of the court and pass or jump-shoot like your basic 7-foot-2-inch (2.18-me-

ter) guard. Now Brown is coaching another of those fellows. The other night, in a romp over the Denver Nuggets, Ewing made a behind-the-back Abdul-Jabbar's famous "sky Later, with what seemed like put-hook," which the NBA's all-time on humor, he insisted he had made

that play many times at George-"Every night he does something

you haven't seen before," Brown One of Ewing's problems, other than numerous injuries, is his lack of supporting cast. "That means

the other team triple-teams Patrick," said Brown, "which leads to anxieties. Does he make the pass or does he take the shot? If he makes the pass, he's giving the ball to guys who are shooting 35 to 38 percent at three positions. So now you say, 'I'm gonna do it myself.' and you take a turnaround jump shot. which means you don't get the rebound because you're going away from the basket.

"Also, he busts his tail to get downcourt after a rebound and he gets into the post in a one-on-one situation and a guy with a low percentage takes a jump shot. So it's frustrating all around, but he's a ereat kid and he can do so much stuff on the court."

Ewing made one of Jabbar's famed skyhooks to help ensure a victory Saturday over the San An tonio Spurs. "I never saw Patrick take that shot before," Brown said, adding that he had told Bob Hill, his assistant coach, "This shows we're posting him up too close." Brown added: "After the game,

the kid insisted he had taken it before at Georgetown," which is not likely, since the coach, John Thompson, would have sent Ewing back to his dormitory for taking 15foot skyhooks.

This is pro ball now, and Ewing is just developing his own shots, his own humor, his own style. Any duels with the big fellow in the

many, although Jabbar is defying all the actuarial tables by remaining a dominant center, and plans to play again next season, when he will be 39. Since East is East and West is West in the NBA, and rarely will these twains meet as long as Rudyard Kipling makes out the schedule, the Knicks and the Lakers play only once more this season, on Feb. 2. And it is not likely the Knicks will be meeting the Lakers

The referee, Ed Middleton, had a hand in breaking up a fight between Akeem Olajuwon, Knicks will be meeting the left, and Mark West of the Cleveland Cavaliers's. The Rockets won the game, 98-94.

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Williams 8-14 2-2 18. Fleming 6-16 4-5 16. Re-badads: Philodelphia 60 (Borkley 20), Indiana 22 (Tisdole, Sitsomovich 9). Assists: Philodelphia 24 (Cheeks 12), Indiana 28 (Fleming 9)

8), LA. Lokers 28 18 27 33—165 New York 24 22 29 24— 97 Abdul-Jobbor 19-17 5-7 25, Lucus 7-14 5-5 19; Ewing 9-17 10-14 28, Tucker 9-14 3-3 22, Re-tounds: LA. Lokers 54 (Lucus 10), New York 41 (Ewing 9), Assists: LA. Lokers 24 (Johnson

14 (Ewing 9). Assists: L.A. Loker's M (Jehman 12). New York 22 (Sparrow 6). Beston 29 28 28 31—116 Velorindge 17-27 3-4 37, Gervin 6-14 7-8 19; Johnson 18-23 4-6 25, McHate 9-19 6-8 24. Re-bounds: Beston 57 (Parish 15). Chicago 55 (Okingra 12). Assists: Boston 31 (Jehmson 8). Chicago 27 (Wedridee, Macv 71. Parisand 29 26 37 25—118 San Anhesia 32 27 25 31—124 Gilmare 16-14 7-14 29, Allichell 6-13 14-14 28; Vondewaghe 8-18 7-8 23, Bowle 8-14 6-6 22. Re-bounds: Portland 4 (Bowle 11). San Antonio 40 (S.Johnson 10). Assists: Portland 31 (Pax-son, Collee 7). San Antonio 34 (Moore 12). Golden St. 25 29 30—114 Denver 27 38 32 31—122

79 2574 88 43.6 59 2574 88 43.6 61 2641 42 43.3 77 3312 68 43.0 88 3433 67 429 67 2839 49 42.2 son, Coller 7), Son Antanio 31 (Moore 12), Golden S. 25 29 33—114 Denver 29 30 32 51—122 English 15-22 1-1 31, Mol 17-13 12-15 27; Cor-roll 7-16 13-18 27, Short 11-24 4-4 24, Rebeends: Golden St. 51 (Ballard 13), Denver 58 (North 10 ), Assists: Golden St. 18 (Floyd e), Denver 31

33 13 38 26—104
22 31 19 22—104
Nonce 12-23 7-8 31. Edwards 10-17 9-12 29;
Sikma 8-13 10-11 26, Chambers 6-14 8-8 20, Rehounds: Phoenix 37 (Nonce 9), Southle 38
(Sikma 10), Assists: Phoenix 26 (Hisraphries
9), Southle 22 (Young 5)

Thous 9-16 8-10 27, E\_Johnson 11-18 4-5 26; Thomas 12-23-3 25, Tripucka 9-15-5-22, Re-bounds: Detroit 47 (Lalimbeer 10), Socramen-to 40 (Kleine 11), Assists: Detroit 26 (Thomas

#### Selected College Results

SOUTH Ala-Birminchem 69, Cincinnati S3 Fioride 81, Midmil, Flo. 64 Georgia Tech 96, Old Dominion 86 Memphis 51, 73, Milastashool 56 MIDWEST

# Hockey

**NHL Standings** WALES CONFERENCE

Hew Jersey 5 Braten (10), Adams 2 (11), Bridge Gogne (4), MocL-ean (8), Cirelia (3); Kerr (29), Eklund (7), Sinisole (16), Proop (22), Shots as seal: Philiodelphia (on Chevrier) 7-

Schmidt (5), Bullord (14), Shedden (15); Bullord (15); Berezon (8), Moczun (2), Otto (6), Shefs en seal: Colgary (on Romano) 10-10-15-36; Piftsbursh (on D'Amour) 13-8-

Buttitle 2 2 17.)
N.Y. Islamders 3 2 1—7
LaFontaine 2 (17), Boyd (1), Flatley (10),
Jonsson (4), Tratiler (12), Bessy (20); Lover
(2), Foligme (14), Oriondo (4), Shots on goel:
Buffela (on Smith) 17-14-11—42; N.Y. Islanders (on Cloutier, Barrosso) 8-9-7—24.

Ciccorelii (8), Couils (1), Acton 2 (12), Gro hom (9). Maruk (4): Kisio (4). Klime (12), Yasrman (7). Saote os poel: Detroit (an Co-sey) 12-14-10-38; Minnesoto (an Stefan) 12-4 4-25.

Flockhart (8), Mullen 2 (17), Paderko (8), Hunter (17), Reeds (3), Pavese (1), Glimour (11); Neufeld 2 (8), Howerchuk (19), Smoll (7), Marvis (3), Mullen (7), Shoha en seal: Minelpad (on Millen) 14,827,455, St. Joseph

Westington

1 2 1 8-4

Vanceyver

2 9 0-4

Nurshv 2 (9), Christian (18), Gustofsson

(7); Crawford (3), Lemby (18), Sundafrom 2

(9), Salors on goal: Westington (or Young) 7-9-6-28; Vanceyver (or Peeters) 10-12-10-

European Soccer

#### Faust to Coach At U. of Akron

The Associated Press AKRON, Ohio - Gerry Faust, who resigned as the football coach at Notre Dame, was to be hired Wednesday as the coach at the University of Akron, an athletics spokesman confirmed.

"It's definite, it's not conjecsaid Ken MacDonald, the sports information director. MacDonald also confirmed that Akron's coach this season, Jim

Dennison, will become associate athletic director. Dennison, whose team was 8-3 this year, could not be reached for comment. The university president, William Muse, told ABC radio sports Tuesday night that "we feel he

[Faust] is a winner and would have the potential to develop a very strong I-A football program for Muse was president at Texas turn down the heat by making the A&M when Jackie Sherrill was trip to England without O'Neal. signed to a lucrative contract as The usual media battles occurred,

Mid-American Conference.

#### By Julie Cart Las Angeles Times Service

LOS ANGELES - John McEnroe admission recently that his girlfriend, Tatum O'Neal, is preg-nant accomplished what McEn-roe's announcements usually do. It

sparked controversy. That was because McEnroe had spent several weeks denying rumors that the Oscar-winning actress was carrying his child. The incident was merely another

flare-up in his on-again off-again feud with the press, one he wages with slightly less intensity than his ever-hot war with umpires, linesmen and tennis officials in general. Last summer at Wimbledon, where personal questions are the order of any day, McEnroe tried to

football coach. Akron, which is a member of the Ohio Valley Conference, has said it wants to upgrade O'Neal did travel with McEnroe ence, has said it wants to upgrade its football program by joining the to the recent Australian Open, a er, that newspapers would print a fact not missed by reporters there. story, then other reporters would

tions, which McEnroe resented. A accuracy of the quotes. skirmish between him and the mesince said: "I made an ass of my-

McEnroe lost in the quarterfi-

McEnroe's Bad Calls in the Paper

violations, was fined \$3,750 and has began a 42-day suspension. "I'm not happy with it," he said. "It makes me think, as a person, I need to work on things."

When he returned to Los Angeles, he disclosed O'Neal's condition in an interview with Pam King of the Los Angeles Herald Examiner. The story was picked up around the world and later, at a press conference before an exhibition here, McEnroe was asked about it.

"Very fair," he said, "It at least showed you my side of what is going on. Everything's fairly clear and up front in this article." He said it surprised him, howev-

Often Are Worse Than Those on Court Naturally, her presence drew ques- call him the next day to check the

> "The media are asking me dia ended in an ugly shoving and whether the quotes are accurate — spitting incident, and McEnroe has that's kind of funny, if you think about it," he said. "I'm not attacking the media." Martina Navratilova, who was

> nals and, because of various code seated next to McEnroe at the press conference, joined in: "He was responding to articles in Australia that were not true. I've had it happen to me. Where do you stop it? A reporter shouted, "You stop it by telling the truth."

McEaroe shot back: "I've been telling the truth all my life. I've got news for you: it hasn't gotten me anywhere as far as accuracy and

about what I said in Australia, why didn't they listen to me months before when I said it in Europe. I had to go through the same thing there. Everywhere I go, I deal with the same problem.

"It upsets me simply that I get cynical people who will come up to me and I think they are not going to see the problem fairly."

Referring to the Herald story, McEnroe said, "That's one of the first articles I've read in a long time. I was worried because I figure I haven't seen anyone in the last couple of years who has really given me a fair shake.

"I think it was me talking, there's no doubt about it. You take what you want to believe out of that story. I can tell by the tone of the girl's voice, that she was interested in what I had to say as a person and as a human being and therefore I ended up telling her something ! would have preferred not to tell

"I asked her not to print that part of it. But I said, 'If you do, it's certainly not going to surprise

Whatever is said about McEnroe, whether you like his style of play or his personal style, the man is usually honest.

# Switzerland Is the Place to Learn How to Climb

By Bill Shirley Los Ángeles Times Service

MEIRINGEN; Switzerland - If you want to climb a mountain, Switzerland is the place to learn. The Swiss climb mountains the way they run trains and make watches. Nobody, with the possible exception of sheepherders in Nepal, do

Arnold Glatthard began climbing mountains around this neighborhood when he was 12 years old, 64 years ago. He has been a mountain guide for 54 of his 76 years.

He climbed mountains for fun because there was nothing else for kids to do in this village six miles (9.6 kilometers) across the mountains from Grindelwald in the Bernese Oberland. It was not hard to find a good one to climb; 47 peaks of various heights surround the village.
Although he was Switzerland's slalom champion and competed in eight world ski champion- started with 200 students in 1940.

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ships. Glatthard was better known as a moun-Not only did be take hundreds of them safely up and down such peaks as the Matterhorn and Eiger, in 1940 he opened the first mountaineering school in Switzerland. Today, there are 45.

By the time he retired in 1983, Glatthard had helped train 13,200 climbers, many of whom the success of Switzerland's mountain climbing rescue on a glacier. Diplomas are given in rock. business. Before he climbed Mount Everest with ice and granite climbing and for the use of a Edmund Hillary, Tensing Norgay went to rope. Glatthard's school and was a guide in this area.

While most tourists come to Switzerland to look at the scenery, thousands more come to climb a mountain, and most hire a guide to lead them up some of the highest and most famous peaks in the Alps. Many of the guides learned their trade in schools such as the one Glatthard

Many Americans, about 100 a year normally. tain guide A lot of climbers owe him their lives. Glatthard said, learn to climb here. About \$325 buys a week of training on a mountain, a room in a 4-star hotel, meals, guide fees and equipment. Glatthard said U.S. students usually stay three weeks and take a beginners' course, a touring course and a week of real climbing on the neighborhood peaks. Students learn to cross became guides, the men mainly responsible for a crevice, use an ice ax and actually practice a

> Among the 250 students this season was a boy of 7. That is a little too young, Glatthard said; 14 is a better age to start learning to climb. About 50 percent of the students are women.

"Women are very good climbers," Glatthard said. "In some ways they are better than men. I have more confidence with a woman on a rope than a man."

# V. S. Pritchett, 85: A Man of Letters

**Billion-Dollar Jurors** WASHINGTON—One of the more interesting legal judgments this year has the business say we give the Pennzoil Co. Sl

ART BUCHWALD

world agog. Pennzoil, a maker of motor oil, sued Texaco for improperly trying to acquire Getty Oil Co.

How naughty was Texaco? According to a verdict handed down by a Houston jury. Texaco behaved badly enough to have to cough up \$11 billion.

The question that many people are asking is how the jury ar-rived at the \$11billion figure. Why not \$9 billion or \$15 billion?

l bave a hunch that this is what happened

First, it was by no means a Buchwald imple lawsuit. It involved charges many horrendous white-collar crimes that cannot be mentioned in a family newspaper. Suffice to say that Pennzoil had an agreement to purchase Getty Oil and Texaco moved in to sabotage the deal

Thus Pennzoil brought Texaco to court, where a jury of 12 humble citizens was asked to rule on a case that 95 percent of all the judges in Texas would have trouble under-

The jurors listened with rapt attention to the witnesses and read page upon page of evidence. They also had to bone up on antitrust law, petroleum law, punitive dam-ages, merger and acquisition rul-ings and Robert's Rules of Order.

Finally, after hearing the complicated presentations of both sides. the jury retired to discuss the ver-

The first juror rendered his opinion. "I've heard the evidence and I would just like to say one thing. Five years ago I drove into a Tex-

#### U. S. Designer Wins Prize

Agence France-Presse
PARIS — An American designer, Gregg Snyder, 25, beat 70 contestants from seven countries Tues-day to win a 15,000-franc (\$2,000) prize for young fashion designers in a competition organized by French and Japanese companies.

A second juror said, "I tried to get air from a Texaco station for my bike when I was a kid and the man with the star told me to buzz off. Let's fine Texaco \$2 billion."

The owner of a Texaco station in Louisiana wouldn't let me use the men's room because I didn't buy any gas. If that isn't worth a billion dollars I don't know what

Each juror had a different reason for raising the penalty. One hap-pened to be a happy Pennzoil consumer. He said his family had been using their oil for years and found the quality outstanding. "It's so good you can drink it," he said.

Another juror socked it to the defendant because the Texaco station near him closed at 9 P. M.

The damages added up to \$12 billion. But the twelfth juror had not been heard from.

He stood up and said, "Aren't you ashamed of yourselves? You are all punishing Texaco for slights, real or imagined, committed against you. Our job is to judge the merits of the case. We have to ask ourselves, was Texaco guilty of dirty tricks, or are the Pennzoil people just a bunch of sore losers? Forget your personal vendettas and let justice be done. Let's have some charity in our hearts and not force a poor multinational to go begging at

this time of year."

There were tears in many jurors' eyes after hearing the plea.

The foreman got up. "You are right. We were trying to get revenge when we should judge this case on the evidence. Let's start over again

and decide what penalty to assess without rancor. The foreman passed a pad around the room. Each person wrote a number on it. The paper came back to the foreman who said, "This is more like it, The final

figure is \$10 billion." The twelfth juror jumped up and said, "Hey, guys, why not make it \$11 billion, so we can get into the Guinness Book of World Records."

By Joseph Lelyveld
New York Times Service ONDON - "I shall never be as old as I was between 20 and 30," V. S. Pritchett wrote when, having reached the reasonably ripe age of 70, he was starting to accustom

himself to the notion that old age might be That was a long time ago. Sir Victor, who was knighted at 75, turned 85 Monday. So the man who is regarded by many as Britain's finest writer of short stories, by others as her finest literary critic - and who may well be both - was asked recently whether he still felt younger than he did when he was chrono-

logically young.

"Yes, I wonder," he replied, and paused.
Then: "I believe that's true. Yes, certainly. I would think that most people would feel that. I suppose I felt very old in adolescence, but I don't feel old nowadays. I'm in fact rather embarrassed by the people who say: 'How remarkable. You're 85 years of age.'"

In a room hung with paintings by his contemporaries, mostly landscapes, and dominated by a case full of exotic stuffed birds, the writer described himself as being "rather vain" about his age. But it turned out he was not talking about his longevity. Nor was he talking about his durability as a writer, which is doubly impressive — in that he is still read, still a literary presence, and in that he goes on, day after day, living the writer's

life as he always has.

What made him "vain" — the word was instantly qualified by a hint of laughter — was the fact that at the end of each year, his age catches up with the century's. Thus he does not have to think twice to know how old he was when he and his wife, Dorothy — to whom he dedicates book after book — finally found a permanent abode, after many moves. in their late Regency town house near Regent's Park. It was 1957, so he was 57. The routine he established then is the rou-

tine he still follows: By 9 A. M., not excluding weekends, he has climbed the three flights to his study on the top floor, and by 9:20 — he seldom allows himself more than that for the writer's inevitable evasions and rituals — he is writing, in longhand. Or rewriting, for he rarely lets a short story get away from him until it has gone through four or live drafts; in the case of

critical pieces, maybe only three.
"I was fanatical about writing," he wrote in
"Midnight Oil," his self-portrait of the artist as a young man; "the word and the sentence were my religion." They still are, only more so. "I suppose I rather work harder nowadays than I did," he said in a speculative tone, because as I get older I write more slowly, or get more dissatisfied." Between his two hypotheses, age and perfectionism, it was plain

that only the latter had weight. At about a quarter to one, he breaks for lunch and then allows himself a brief nap. He

"I suppose I felt very old in adolescence, but I don't feel old nowadays. I'm in fact rather embarrassed by the people who say: 'How remarkable. You're 85 years of age.""

the writer, and his valet, "who does the liv-ing." In his role as valet, he does the house-hold shopping after his map, in nearby Camden Town. There he encounters members of what the novelist Margaret Drabble describes as "the extraordinary cast of ordinary peo-ple" who inhabit his stories. The valet is rewarded with a cop of tea, then the writer returns, ascending again to the top floor, where he works until about 7.

His 35th book has just appeared in Britain, a collection of literary essays that his publisher insisted on calling "A Man of Letters." He is inclined to disown the title because he thinks television and the joyless obscurantism that passes for literary criticism in universities have combined to render the term and occupation of a man of letters "totally out of date." Still, that is what he is.

His 36th book, a study of Chekhov, is in its final drafts. His preoccupation with the Russian master of the short story has kept him from writing short stories of his own for nearly two years. But his head, he said, is full of voices waiting to be attached to characters, characters looking for incidents, and unexploited incidents maybe from last month or maybe from his childhood — of stories waiting to be written.

Staying abreast of his century as he has, he has watched Britain's retreat from power — like most Britons, he believes — with no real regrets. It was hard for those who were trained to rule an empire, but he went as a young man to France and Spain instead of Oxford or Cambridge — honorary doctorates are his only degrees — so he was never one of those who felt the loss.

"There are people who had an enormous amount of intelligence and also had the great experience of how to manage power," he said.

"They knew the difference between confrontation and intrigue. They knew how to ma-mipulate. They were very skillful. But for those who were outside it, it was pretty mean-

ingless.

Of course, we feel ourselves a very small country, and people do make fun of us. Gore Vidal, when he comes over here, always says, 'Tell me what life is like in Oslo now.'" Pritchett laughed, then added appreciatively.
"It's a very lightly insulting remark."

Britons two or three generations younger than he is still debate whether they are Europeans or what sort of Europeans they should be. It's an issue he resolved for himself more than six decades ago, when he first crossed the English Channel. "I'm tremendously Eu-ropean in my connections," he said. "Anyng foreign interests me more than England does. I'm a natural European."

He walked across Spain before writing his first book, "Marching Spain," a work he now mentions with an affectionate wince. "I knew Spain from the bottom up," he said. "I could speak village Spanish." When the civil war came, he knew the land too well to see it as a conflict of pure evil against pure good. He was nominally a man of the left, writing

much of his criticism for The New Statesman in its heyday, but was never tempted to write a political article. Basically he did not like the way many leftists thought. "I just hate mili-tants," he said.

He is entirely comfortable in Spanish and French but, though he knows no Russian, it is to 19th-century Russian literature that he has kept returning in recent years. It is a route that can sometimes lead him home, as when, a few years ago, he found himself reading a now obscure novel by Sir Walter Scott, "St. Ronan's Well," after discovering that Turge-nev had read it and liked it.

#### **PEOPLE**

# Yevtushenko Speaks Out

sailed censorship, self-flattery, dis-containen, the nebuchadnezzar, tortion of history and privilege in the literary establishment in Russia -and was received with prolonged applause. Yevtushenko, 52, an honored member of the Soviet literary establishment, demanded that the Soviet leader, Mikhail S. Gorbachev, apply his much-heralded openness and candor to Soviet literature. "Today's long-awaited striving for change for the better in our country gives us profound hopes that self-flattery will be forever rejected, and that nonconcealment will become the norm of civic behavior. We, men of letters, will not be worth a penny if we simply report and laud the social transformations taking place independently of us," he said.

Strasbourg as scaffolding around the city's 765-year-old Notre Dame cathedral was dismantled for the first time after 40 years of restoration. The \$14.2-million project repaired structural damage and tion announced in Riyadh. Other paired structural damage and equipped the cathedral with subtle lighting to highlight the red and blue stone decorations, stained glass windows and gilded organcase. The restoration is not completed, however: Scaffolding will go up again in March to correct old repairs to the facade that were made with improperly matched

The worker-identification law in Palm Beach, Florida, lampooned this year by Garry B. Trudean's "Doonesbury" comic strip, is un-constitutional, U. S. District Judge Norman Roettger has ruled. The law, requiring blue-collar workers to be fingerprinted photographed and pay a \$4 fee to carry identification cards while in the island town. was challenged two and a half years ago by Ignatius Walkace and Ro-chelle Vana of West Palm Beach.

A crystal champagne bottle holding 18 liters (19 quarts) is being made in France to give to President Ronald Reagan for the July centenary of the Statue of Liberty. The bottle, weighing 20 kilograms (44 pounds), is being made by the Compagnie Française du Cristal.

The Soviet poet Yevgeny Yevtn- Called a solomon, it holds the shenko, addressing a congress of equivalent of four more bottles.

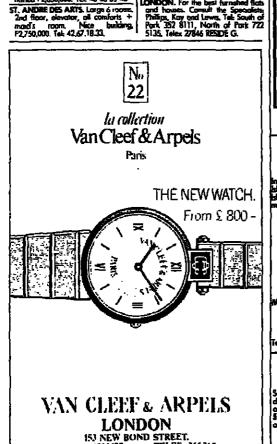
Russian writers in Moscow, as-

An exhibit of impressionist and Post-Impressionist paintings from the Soviet Union that will go to Washington and Los Angeles will also travel to the Metropolitan Mu-seum of Art in New York, Armand Hammer says. Last week the industrialist announced in Moscow that the 40 works from Leningrad's Hermitage and Moscow's Pushkan Museum of Fine Arts would be part of the first major art exchange under the new U.S.-Soviet cultural agreement.

A Swiss-American and two Italians have been named winners if the King Faisal International Price Jack Lang, the French culture minister, attended a celebration in Street Lang. va. a naturalized U.S. citizen who researched diabetes at Harvard winners of King Faisal prizes in-cluded Abdul Aziz al-Douri of Iraq for Islamic studies; Abmed Husseia Didst chairman of the International Center for Spreading the Islamic Faith in South Africa; and Raja Jaroudi, a French philosopher who is a convert to Islam, Mohammad is a convert to Islam. Mohammed Bahajat al-Athari of Itaq won for Arabic literature and Dr. Michael Berridge of England was named the science award winner for work on cell biology.

Pierre Cerdin signed a protocol with the Soviet Train on Wednesday, under which twice-yearly collections of his designer clothing will be made in Russia. Cardin said in Moscow that it was his "dream to dress up all the 280 million people" of the country but that he realized sales to about five million Russians over the next few years would be more realistic. The French designer will have a shop in the Olympic Village area of Mos-cow, but said he did not know when it would open. Neither he nor Ivan Gritsenko, deputy minister for light industry, who signed the protocol. would estimate how much a Cardin dress would cost at the shop.

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